Monday June 6 1988

Ghana: finding a way to ease austerity, Page 25

No. 30,556

Shultz warns Investcorp Israel over poised to deadlocked gain control

MR GEORGE SHULTZ, the US INVESTCORP, international Secretary of State, told Israel yes-investment bank founded for pri-Secretary of State, told Israel year terday that failure to make prog-ress in the deadlocked Middle East peace process could bring tive control of Gucci, Italian another regional war much alone. closer. His unusually blunt message

was clearly intended to shake the right-wing half of the Israeli coalition government out of its

Mexico left unites

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World News

its history, to take on the regime in presidential elections on July 6. The Mexican Socialist Party has joined forces with the swell-ing left-wing nationalist current led by Mr Cuauhtemoc Cardenas.

Soviet explosion

explosives blew up as it entered a station in Arzamas, 400km east of Moscow, the official Soviet newsagency Tass reported.

as horrified diners aboard a float-increased ing restaurant watched help-lessly.

March through Madrid

wing parties, trade unions and pacifist groups marched through central Madrid to protest against a Nato foreign ministers meeting set for this week in the Spanish

Philippines ambush

Communist rebels of the New People's Army ambushed a platon of Government soldiers, killing 15 and wounding eight others in one of the bloodiest rebel ambushes this year.

Swedish sub hunt The Swedish navy fired depth !charges and unti-submarine grenades at suspected underwater intruders of the country's south-

that plans to settle a long-stand-ing Iranian financial claim were part of a move to buy the release of British hostages in Lebanon.

Italian home for US jets The Italian Cabinet agreed unanias carpets and other components mously at the weekend to agree for the car industry. Page 30 to Nato's request to accommodate in Italy the 79 F16 US fighter bombers which will have to quit their base near Madrid in Spain in the next three years. Page 2

Palestinian clashes

Palestinian guerrillas loyal to Palestine Liberation Organisa-tion Chairman Yassir Arafat bat-tled with mortars and machine guns against Syrlan-backed dissi-dents in the Bourj el-Barajneh

Wilander victory Mats Wilander (Sweden) beat Henri Leconte (France) 7-5, 6-2, 6-1 to win the French championships men's singles final in Paris.

Business Summary

peace moves of Gucci

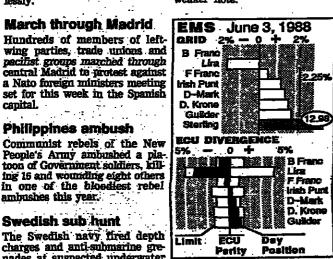
KOOR INDUSTRIES, leading Israeli company responsible for more than 10 per cent of the country's gross national product, is expected to post losses for 1987 of \$180m, far higher than earlier MEXICO'S left has put together a estimates. If confirmed, this united front, for the first time in would be a record for any Israeli enterprise. Page 30

> GUARDIAN newspaper of Britain, is considering launching a European edition. Initially the newspaper is thought to be experimenting to find out if a European edition should be a seasonal newspaper. Page 5.

At least 68 people were killed and 230 injured on Saturday when a Soviet freight train packed with synthesize blast week, in spite of lesize when the synthesize blast week, in spite of lesize when the synthesize blast week, in spite of lesize when the synthesize whe spite of losing ground to the US dollar. Investors unwound long

also switched out of sterling. The Bundesbank left key interest rates unchanged after its cen-Unidentified youths attacked the makeshift shelter of a homeless couple on the banks of the River Seine outside Paris and burnt 1988 persuaded some traders that them to death when phenotes a form.

The Italian lira finished on a



intruders off the country's southeast coast.

The chart shows the two constraints on European Monetary

System exchange rates. The upper

Moslem Amal fighters began to withdraw from Syrian-held areas in Lebanon as part of calculated political effort to ensure smooth presidential election

WK denies hostage deal

British Foreign Secretary Sir Geoffrey Howe denied charges that plans to settle a long-stand-basket of European currencies.

The chart shows the two constraints on European Monetary with an apparent setback for the strongest supporters of Mr Gorba
System exchange rates. The upper chev's perestroika process, when several reformers were rejected by the Moscow Communist Party committee as delegates for the forthcoming party conference.

Moreover, the tone and content of his party leader, suggesting that the European Currency in the scale and pace of general party leader, suggesting that basket of European currencies.

RAUL GARDINI, head of Italy's Ferruzzi-Montedison chemicals and agro-industrial group. appeared to be setting the stage to buy control of a financial newspaper and to sell control of one of Italy's biggest department store chains to Silvio Berlusconi,

UK gilts

US bonds .

French Socialists falter in first round as voters stay away

BY IAN DAVIDSON, PAUL BETTS AND GEORGE GRAHAM IN PARIS

THE OUTCOME of France's general elections last night hung in could give slim absolute majority the balance after the first round to either of the major political of voting, with the Socialist Party formations. In other words, this of voting, with the Socialist Party doing considerably less well than sweeping re-election last month. Socialist Party leaders were downcast by a result which fell far short of the forecasts in recent opinion polls, and centre-right leaders were equally clearly elated by the hope of reprieve from a socialist landslide.

The setback for the Socialist Party appears to be partly the result of a record level of abstentions. The final result of these elections will depend critically both on the turnout in the secon round of voting next Sunday, and even more crucially on the voting behaviour of those who voted yesterday for the extreme right-wing National Front.

Mr Jean-Marie Le Pen, leader of the National Front, said last night: "There is no victory possible for the previous majority without the votes of the National

According to one early computer projection, the Socialists secure their seat outright in the seemed likely to secure between 300 and 320 seats in the 577-seat than 12.5 per cent of the elector-national Assembly, with 240-260 ate are eligible to go forward to seats going to the neo-Gaullist RPR party and the UDF centre-light recurring.

Both main forecasts estimated that the RPR IDE had were about the second round next Sunday.

formations. In other words, this latter projection leaves open the had been expected in the wake of possibility that the outgoing cen-President François Mitterrand's tre-right coalition could still retain a majority in the National Assembly, and prolong the dilemma of "cohabitation" between a socialist president and

a right-wing government.

Both polls agree in forecasting that the National Front, which caused an "earthquake" in the first round of the recent presiden-tial election, would lose all its 32 seats. This is mainly the consequence of the shift from proportional to majority voting.

The Communist Party, also handicapped by the majority vot-ing system, may have fared less badly: it is expected to secure

en 0 and 15 seats, compared with 35 in the outgoing Assem-All these forecasts are sur-rounded with great uncertainty because they derive only from the first round of voting. Only those candidates with 50 per cent of the vote in their constituency

right grouping. that the RPR-UDF had won about right and centre-right govern-But another poll predicted that 39 per cent of the national vote, ment coalition, to maximise their

elections, and apparently not enough to win a single seat. The Communists appeared to

show a significant recovery from their poor showing in the presidential election, by scoring more than 11 per cent, which was not merely better than their 6.7 per cent in the presidential election, but also slightly higher than their score in the previous gen eral elections of 1986. The turnout rate in yesterday

ballot was an all-time low in a general election in the 30-year history of the Fifth Republic. According to early calculations by the BVA polling institute, the abstention rate yesterday totalled 34.5 per cent, compared with 21.5 per cent in the first round of the 1986 general elections, and 18.6 per cent in the first round of the

recent presidential elections.

The next few days will witness intense negotiations within the Socialist Party, to decide which seats to concede to non-Socialist candidates, either on the left or in the centre, as part of President Mitterrand's strategy of enlarging his parliamentary majority. Similar negotiations will also be under way between the parties which made up the province which made up the previous the Socialist Party would win and the Socialists about 38 per defence against the only 290-302 seats, compared with cent. The National Front scored the National Front.

Ligachev pledges loyalty to Gorbachev and reform

MR YEGOR LIGACHEV, widely regarded as the leading conservative figure in the Soviet regime, broke a long silence at the week-end and pledged his loyalty to Mr Mikhail Gorbachev, as the Soviet leader himself sought to calm the increasingly passionate debate in the ruling Communist Party.

See QUENTIN PEEL IN MOSCOW

Mr Ligachev's speech was implementing this policy, and are devoting, together with the people and the ence to that."

His main theme was the necessity of reforming from within the Communist Party, and rejecting foreign voices" which suggest the country should have a multithe ruling Communist Party.
Statements by the two key fig-ures in the Kremlin coincided

debate over the scale and pace of communist Party, called for Mr communist of European currencies.

SOMMER ALLIBERT, French plastics processing group, has acquired for FFr320m (\$54.6m) the West German Besmer Triangel concern, which specialises in wall and floor coverings as well as carpets and other components for the car industry, Page 30

The allegations about a split in

the leadership finally became public inside the country last week, after Mr Boris Yeltsin, former leader of the Moscow City Communist Party, called for Mr

mr Gorbachev's was made at the plenary meeting of the Moscow Communist Party central committee, at which he called on party members "not to panic and not to shiver and shake . . . too much emotion is what we do not need."

"foreign voices" which suggest the country should have a multiparty system. "If we consider the advice that our country's economy be placed on the footing of the Western market economy, there is little that remains of socialism," he said.

Mr Gorbachev's emphasis was

Mr Gorbachev's emphasis was on the need to press further the reform process, and on the need for "democratisation" of the party. He admitted that "the reform of the economy is not giving as many results as we would like," which he blamed on "inertia and old-style management. Mr Ligachev's theme was rather that perestroika was already producing economic results and better living standards.

Russian Church to talk to Catho-

EC members urged to apply banking reciprocity provision

BY DAVID LASCELLES, BANKING EDITOR, IN LONDON

store chains to Silvio Berlusconi, the king of private television. Page 32

SHORT BROTHERS, Belfast aerosposed ity provision in the proposed in international trade whether any EC member had a adopted until late next year.

The provision says that trestrict access to foreign banks include Canada, Australia and some Nordic countries.

The reciprocity article was inserted into the directive at the last minute by the Commission EC banks. Brussels would then which was keen not to deny itself a weapon in international trade to establish themselves or buy large stakes in an EC bank unless reciprocal access to foreign banks include Canada, Australia and some Nordic countries.

The reciprocity article was inserted into the directive at the last minute by the Commission.

The provision says that benks include Canada, Australia and some Nordic country banks include Canada, Australia and some Nordic country banks include Canada,

Fachtswoman's record in the directive is one of the keycottee sailed into the record something the first non-stop sole circumnavigation by a woman.

Indian withdrawal India is to start withdrawing 2,500 troops from Sri Lanka tomorrow. Page 3

The directive is one of the keystones of the planned single market in financial services due by stones of the planned single market in financial services due by stones of the planned single market in financial services due by stones of the planned single market in financial services due by stones of the planned single market in financial services due by stones of the planned single market in financial services due by stones of the planned single market in financial services due by stones of the planned single market in financial services due by stones of the planned single market in financial services due by stones of the planned single market in financial services due by stones of the planned single market in financial services due by stones of the planned single market in financial services due by stones of the planned single market in financial services due by stones of the planned single market in financial services due by stones of the planned single market in financial services due by stones of the planned single market in financial services due by stones of the planned single market in financial services due by stones of the planned single market in financial services due by stones of the UK which fears that London, which plays to host to several hundred foreign banks, could be snarled up in virtually the text in financial services due by stones of the planned single market in financial services due by stones of the UK which fears that Lonstones of the planned single market in financial services due by stones of the UK which fears that Lonstones of the UK which fea

UK Labour leader says he will drop unilateralist policy

By Michael Cassell in London MR NEIL KINNOCK, leader of Party, yesterday threatened to provoke a major row within his party by confirming his intention to abandon its commitment to unilateral nuclear

disarmament. In remarks on British television which will enrage his party's left wing and draw criticism from other sections of the membership, Mr Kin-nock signalled his readiness to drop the unilaterist approach on which Labour has fought and lost successive general

Dropping Labour's unilateralist stand would constitute one of the most significant pol-icy reversals for the British socialist party since World War II. Mr Kinnock said that recent developments on arms control and the improvement in east-west relationships meant the principle of "something for nothing unilaterilism" was now redundant. There was, he stressed, no longer any need to insist on a "go-it-alone" approach.

He rejected recent left-wing calls for the leadership to declare the narty's meguivoin east-west relationships

declare the party's unequivo-cal commitment to unilateralism, indicating that it was no longer appropriate when the nuclear arms "log-jam" had been broken by the US and the Soviet Union.

Rejecting what he described as left-wing "incantations," he said the challenge was not just to eliminate British nuclear reapons but to ensure a significant reduction in Soviet nuclear forces. Labour now had to consider how best the arms reduction process could be accelerated.

His stand will inevitably sharpen the party leadership contest which is currently underway.

Mr Tony Benn, who is stand-ing against Mr Kinnock, is firmly committed to the unilateralist cause and has warned that the party will alienate MPs and many traditional Labour voters if it is dropped. Mr Kinnock nevertheless firmly endorsed Labour's nonits commitment to decommission Trident, which is sched-uled to be operational in the

But he indicated that, in contrast to Labour's previous, unqualified commitment to decommision Trident upon assuming office, the weapons system could be used as part of the arms reduction process.

Continued on Page 26

Bond Corp to bid A\$850m for Bell Group

D 8523 A

BOND CORPORATION, the Bond Corporation for the 19.9 per Perth, Australia-based brewing cent stake it acquired from Mr Holmes à Court's Bell Group.

The move, due to be Mr Holmes à Court for A\$2.50 per announced today, follows lengthy share.

ties Commission (NCSC), Austra- Holmes à Court with 6 per cent of lia's corporate watchdog.

Bell Group, they confirmed he
lit will conclude the most was abandoning a complex extraordinary chapter yet in the restructuring and was relinquish-post-crash saga of the Bell stable ing control. But they also of companies, and will open a prompted intense controversy. fresh one for another of Austra-

Success for 50-year-old Mr and investment company was Bond will speed Mr Holmes a changing hands without giving Court's retirement after 20 years as a corporate raider, while consell at the attractive above-mar-siderably expanding Mr Bond's ket price Mr Holmes à Court own vast business empire and secured.

Bond Corporation and the West-ley and Mr Kerry Packer. ern Australian State Government In today's statement, the NCSC

Insurance Commission (SGIC).

and media multinational controlled by entrepreneur Mr Alan Bond, is to make an A\$850m (\$880m) cash bid for Mr Robert Holmes à Court's Bell Group.

Holmes à Court's Bell Group.

Holmes à Court's Bell Group.

Holmes à Court on 29 April.

That A\$170m purchase coincided with the SGIC's simultaneous acquisition of a similar 19.9 per cent shareholding from

private investigations by the The two deals were sensational National Companies and Securibecause, although they left Mr One reason was that almost 40 per cent of the media, equipment

Another was the suspicion that The move is a notable achieve—Bond Corporation and the SGIC ment for the NCSC, long might be associates, that Mr regarded as toothless and under-resourced. Only 12 days ago, leg-Bell Group without making a full islation was introduced in the bid.

federal parliament to replace it That would have given him with a more powerful body.

The latest developments result cash-rich Bell Resources, itself from an agreement reached late the subject of a separate A\$825m last week after hearings in Mel- bid from two other entrepreneurbourne involving the NCSC, ial heavyweights, Sir Ron Brier-

confirms its investigations led it Its immediate significance is to the "tentative view that there that all Bell Group shareholders, might have been some under-including a number of disgrun-standing between the SGIC and tled large institutions, will now Bond Corporation in relation to have a chance of accepting the the future management control A\$2.70-a-share offer made by Continued on Page 26

Baker seeks to allay **US** inflation fears

BY LIONEL BARBER IN WASHINGTON

to dampen fears in the financial markets about a resurgence in inflation and pronounced the current course of US monetary pol-

Mr Baker's remarks, made dur-

ing a TV interview, had the ring of a election speech on behalf of his friend and probable Republican presidential candidate, Vice President George Bush. However, Mr Baker ruled out - for the time being - a move

MR JAMES BAKER, the US Trea-over to the Bush camp as cam-sury Secretary, yesterday sought paign chairman. "There is no agreement, no arrangement, no deal, no understanding," said Mr Baker, citing a busy agenda as

Treasury Secretary.

Amid reports of feuding among lcy as "very satisfactory."

Amid reports of feuding among in a bullish assessment of the Mr Bush's advisers over the Vice tion fears were "vastly over-blown" and he predicted sus-tained, moderate growth "well into the foreseeable future."

Tessuent s recent soump in the polls, many Bush backers hope to see Mr Baker in charge of the campaign by the Republican con-vention in New Orleans in mid-

Tomorrow the last round of Democrat and Republican presi-dential primary elections is held in California, New Jersey, New Mexico and Montana. Mr Bush, the sole remaining Republican, is Continued on Page 26

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RISTRALLA-BAHAMAS-BAHRAIN-BANGLADESH-BRAZIL CANADA-CAMAN BLANDS-PEIPLE'S REPUBLICUF CHIMA-FIB-FRANCE-GERMANY-GHANA-GREECE OCT ERINGTI HIMO BUNG-PIDIA-INDUNESIA-BRAN-ITALI -JAHAN-JERSEY-JORDAN-RE-YIN-BREPUBLICUOF KOREA-MALA-SIA-SUO-ALD--STENLA-SEW ZEALAND--NYERRIA-CMAN-BRABICA-ARPI'A NEW GUINEA-GATAL-SINZAPORE-SOLVANO, SLANDS-SANIN-SER LANSA-SENITZE RIAAD PUTATANAN THALIA-HI-UFANING-UNITED ARAB EMIRATES-CUNITED RINUDOM--INGTED SINTEN OF AMERICA-WANINGY--ZAIRE-ZAMBLI-ZIMBABWE

Companies. 27-28 Britain

Companies . World Guide Construction ...

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Intl. Capital Markets . 35-37.43



MONDAY **PAGE** INTERVIEW Raymond Snoddy talks to Lord Rothermere.

Anthony Harris: When the familiar become UK: Hanging's place is in the legal history

Associated Newspaper Group Southern France: Survey chairman, Page 10

Editorial Comment: Creating a new Opposition; Backward steps in Singapore _ European Market: Ploughing a furrow to Lombard: Tax reform within strict limits ... 25 Lex: Opec; US corporate leverage; News Cor-

MR RAUL GARDINI, the unpredictable head of Italy's Ferruzzifree of the normal corporate and that the government of Prime be incorporated into Ferruzzi, Montedison chemicals and agropolitical inchaences which characaminister Circaco De Minister Circaco De Montedison.

Montedison. setting the stage at the weekend Last year, Italia Oggi was sold to new media law that would for a waltz of assets that could Mr Giuseppe Cabassi, a Milan see him buying control of a finan-property developer.

cial newspaper and selling con
yesterday, in a separate development of the large of the larg

Finns 'face

steep rise

The valuation of Standa is an

important element of the Ferruz-zi-META deal, in which Montedi-son is to receive Ferruzzi shares cial newspaper and selling control of one of Italy's biggest opment, Ferruzzi confirmed that the department store chains to Mr Silvio Berlusconi, the king of private television.

A spokesman for Mr Gardini confirmed on Saturday that the debt-laden Ferruzzi-Montedison trough was at an advanced stage of negotiations to acquire Italia Oggi, the loss-making financial saying that he has no plans to newspapers and vice versa.

The offer for Standa, mean-the department store chains to Mr Berlusconi offer from Mr while, comes just as the department store chains is being transfer of from the quoted form the quoted montedison to the as-yet-unlisted from both Italian and foreign which rides roughshod over the interests of Montedison's 100,000 small investors. Standa is part of META, the absorbed Standa into the Ferruzzi shares in exchange for META. There for Standa, mean in exchange for META. There for Standa, mean in exchange for META. There for Standa in exchange for META in the financial world that the deal is an exercise in asset-stripping which rides roughshod over the financial world that the financial world that th

Abruzzo awaits UK invasion

in debt' By Olii Virtanen in Helsinki FINLAND FACES accelerating inflation and a steep rise in external debt unless real wage increases remain under 2 per cent in 1989, the country's leading forecasters warn in a joint

The group, consisting of heads of Finland's five leading conomic forecasting institutions including the Bank of Finland and the Finance Ministry, was invited by the government in an unprecedented move to find ways to stabilise economic development next

The unanimous report con-ciudes that the only way to avoid problems is to forge a compre-hensive incomes policy for 1989, including tax adjustments and social policy measures.

This year's high wage increases, the group says, broke the trend of declining inflation rates that had continued throughout the 1980s.

Consumer prices, the forecast consumer prices, the loredasters expect, will rise by at least 6 per cent by the end of this year compared with 3.7 per cent in 1987. That rate would be twice as high as in most competitor countries.

THE ITALIAN Cabinet agreed which might take the F16s out of craft and the 6,000 to 8,000 people the Nato line-up.

Which might take the F16s out of craft and the 6,000 to 8,000 people with the 401 Wing of the US Air From inside the Government modate in Italy the 79 F16 US the Socialists support the decinity of the US Air From inside the Government of the Socialists support the decinity of the US Air From inside the Government of the Socialists support the decinity of the US Air From inside the Government of the Socialists support the decinity of the US Air From inside the Government of the US Air From inside

A VARIED squad of British businessmen, diplomats, old soldiers and a military band descended on the Abruzzo at the weekend, ready to dedicate the coming Abruzzese are readily entering this one include the British week to boosting commercial into the spirit of things. They ambassador to Italy.

The Abruzzo has never been a name to conjure with, nor one easily located on a map, though happily the man who piloted Concorde into Pescara airport carpet for an exhibition of David happily the man who piloted businessmen for "Anglo-Abruzzese week" led by a many will be able to test the Guards' band, and displays of brace of knights, Sir Paul Giro-atem of British businessmen for "Anglo-Abruzzese week" led by a many will be able to test the Guards' band, and displays of Sir Eric Sharp, chairman of Cable and Wireless.

In search of commercial understanding, they and others will have a few days to traverse this Corpat Rritain and Abruzzo; two in the Abruzzo's basement.

standing, they and others will ence on "Alternative Tourism - profile from its current location have a few days to traverse this Great Britain and Abruzzo: two in the Abruzzo's basement.

mountainous, gloriously beautiful region on the Adriatic Sea on the opposite side of the Italian peninsula from Rome.

The true eggheads, however, should even be some business will be heading for the confer-

Italian home for US bombers

ingh as in most competitor countries.

The group estimates that the external debt in 1987-89 could rise to FM 30bn-FM 35bn (£4.05bn-£4.7bn).

Meanwhile, the deficit in the current account is expected to rise to FM 10bn by the end this.

rise to FM 10bn by the end this year from a deficit of FM 8.5bn in allow time for East-West agree. No final decision has been ments on conventional forces taken on where to base the air- and job-creation it can find.



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advantage of constantly updated, clear and precise market reports to help them determine the right moment to act, in Europe... and throughout the world.



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Talks over Iran embassy payment

By Michael Cassell, Political

TALKS will take place in London this week which could result in a near-22m compensation payment to Iran for the damage caused to its London embassy when it was stormed by the SAS in 1980. The Princes Gate building was burned out during the ending of a hostage siege and any agreed payment is expected to be offset by a £900,000 offer of compensa-tion from the Iranian Government to cover damage caused to British diplomatic premises in Iran during the revolution. A four-man Iranian delegation will arrive in London tomorrow

to discuss the issue with Foreign Office officials. Although the British Govern-

initiative aimed at securing the release of British hostages in the

nian property. He added: "There is nothing of

Bankers set up finance studies

EUROPEAN bankers meeting under the chairmanship of Mr Alfred Herrhausen, of Deutsche Bank, have decided to set up committees to investigate key European financial issues, writes David Lascelles, Banking Editor. They are:
Private financing of European

high technology and large infra-structure projects (to be chaired by Mr Marc Vienot, president of Société Générale).

• The monetary system in Europe (Dr Alfonso Jozzo, gen-

eral manager, Istituto Bancario San Paolo di Torino). • European capital markets and their regional development (Mr Rainer Gut, president of Credit

 Cross-border co-operation and mergers between European finan-cial institutions (Mr Charles Green, deputy chief executive,

● Capital adequacy rules for financial institutions in Europe (Mr Jakob Palmstierna, president of Skandinaviska Enskilda Ban-

SHIPPING REPORT Charter prices ease for tankers

PRICES for chartered tankers in the Arabian Gulf sector softened last week as a result of low activ-ity, which spread as traders awaited the outcome of next weekend's Organisation of Petro-leum Exporting Countries meet-ing, writes Hugo Dixon.

Smaller-sized vessels were hit particularly hard, according to

Galbraiths, the shipping brokers Although there were a number of inquiries, the build-up of tonnage from previous weeks left charterers with considerable choice. A New York charterer secured cover for 80,000 tons at Worldscale 65.

The only bright spot in the market, according to EA Gibson Shipbrokers, was the resurgence of West African rates. An "encouraging" number of vess obtained employment increased rate levels.

Norway plans to cut growth rate of defence spending

BY KAREN FOSSLI IN ÓŚLO AND ANTHONY MCDERMOTT IN LONDON

THE NORWEGIAN Government cent of the annual budget. The has approved a five-year defence new plan emphasises the need for plan, amounting to NKr101bn improved productivity and calls (£8.9bn), under which the annual for staff reductions of 1 per cent a real growth rate in military spending would fall to 2 per cent savings of NKribn. Mr Tarald a year, compared to 3.5 per cent in the last five-year period.

There are, however, doubts way's current military established.

already proved controversial because of a conflict between Mr Johan Joergen Holst, the Defence Minister, and his chief of defence.

whether even this 2 per cent level ment was 27,500 and this would can be reached. Norway has be reduced to 26,150 by 1993. The prided itself on the percentage of its gross national product it has paid out as a member of Nato. At this reduced rate it would be a debated in the Storting (Norway's financial contributor on these Parliament) in late autumn, terms ahead only of Luxembourg. envisage expenditure on equip-The five-year defence plan, covering the period 1989-1993, has pared to NKr33bn in the previous

ment hopes a settlement will help improve relations between the two countries it was being force-fully stressed yesterday that the talks did not form part of any

Lebanon.
Sir Geoffrey Howe, the Foreign
Secretary, said yesterday that the
meeting was exclusively intended
to solve the long-running dispute over damage to British and Ira-

wider significance. Our policy on bostages is absolutely clear — no deals."

New Palme inquiry sparks Swedish row

Mr Vigielk Ride, about the bud- was experiencing in its economy, get requirements during the However, he could not guarantee period. Mr Eide had insisted a that a 2 per cent annual real

minimum annual real growth growth in expenditure would be rate of 3 per cent was needed. Sceptics believe the

rate of 3 per cent was needed.

The previous five-year plan real growth in defence spending (1984-88) amounted to about over the five-year period may NKr38bn and took about 10 per only reach 1 to 1.5 per cent.

REVELATIONS about a secret the Government. government-funded private inves-tigation into the murder of Swed-ish Prime Minister Olof Palme tigation into the murder of Swedish Prime Minister Olof Palme failed to discover who killed Mr
has plunged the Swedish Government into a sudden political crimin this meaband sis this weekend.

nation of Justice Minister Anna-Garlsson, who was provided with Greta Leijon, who gave her funds and a letter of introduction approval to the inquiry led by a to British intelligence to help publisher and former Justice Ministry official. Mr Ebbe Carlsson. The Opposition may seek a vote of no confidence in Mrs Leist he Marxist-Leminist Kurdish jon in Parliament this week, and Workers Party (PKK), a terrorist the Government would lose the vote if they failed to win the support of the Communists, who normally vote with the ruling Social because the Swedish Prime Minmally vote with the ruling Social Democrats. This weekend it is unclear what the Communists

intend to do.
The Prime Minister, Ingvar Carlsson, was consulting senior ministers about what to do in a crisis that has erupted in only a few days. So far, the Government is backing Mrs Leijon and she is

to have run into the sand. It was The three main opposition their failure that convinced Mrs party leaders in Parliament are Leijon to approve a freelance demanding the immediate resignation of Justice Minister Anna-Greta Leijon, who gave her funds and a letter of introduction

Both the Swedish police and

five-year period.

Mr Holst said consideration

had been given in preparing the budget to the difficulties Norway

because the Swedish Prime Minister had allegedly stopped illegal arms supplies to Tehran. No hard facts have emerged so far to justify such a theory.

Mrs Leijon believes the intelli-

gence services in Sweden have failed to take much serious notice of the PKK allegations and

opposition is trying to exploit the stockholm's police chief, a situation for political advantage close friend of Mr Ebbe Carlsson, three months before the general was forced to resign last year election, but the opposition parafter he failed to find any evities insist the whole affair dence to suggest the PKK was amounts to an abuse of power by involved in Palme's murder.

WORLD ECONOMIC INDICATORS

% ————————————————————————————————————	15.2	14.8	14.3	14.3
France 000's	Jan.'88 2,689.3 11.5 3.531.0	Dec.'87 2,676.6 11.4 3,447.0	Nov.'87 2,670.4 11.4 3,325.0	Jan.'87 2,728.7 11.6 3,330.4
W. Germany 000's % Netherlands 000's % Beigium 000's %	Mar.'88 2,440.1 8.9 686.9 12.0 458.5 11.1	Feh.'88 2,516.5 9.2 700.7 12.2 476.1 11.6	Jan.'88 2,518.7 9.2 700.3 12.2 493.8 12.0	Mar.'87 2,412.4 8.8 692.2 12.1 495.2 12.0
UK 600's % Japan %	Apr.'88 2,536.9 9.1 1,570.0 2.6	Mar.'88 2,592.1 9.3 1,620.0 2.6	Feb.'88 2,665.5 9.6 1,730.6 2.7	Apr.'87 3,107.1 11.1 1,900.0 2.9
USA 000's	May '88 6,783.0 5.6	Apr.'88 6,610.9 5.4	Mar.'88 6,801.0 5.6	May '87 7,573.0 6.3

Russian church to talk with **Catholics**

By Quentin Peel in Moscow

LEADERS of the Russian Ortho-dox church, which yesterday began elaborate celebrations to mark its millennium, have agreed to hold talks with the Roman Catholic church on the status of an estimated 4m Ukrainian Catholics, whose church is outlawed in the Soviet Union.

ontlawed in the Soviet Union.

The concession was announced on the eve of the celebrations by Metropolitan (Archbishop) Filaret of Kiev, although he continued to deny the existence of the underground church, forcibly united with the Orthodox Church during the rule of Joseph Stalin.

The talks will be held in Finland at the end of the mouth, after the denarture of dozens of

land at the end of the mouth, after the departure of dozens of international church leaders, including the Archbishop of Canterbury, Dr Robert Runcie, and Cardinal Jan Willebrands, representing Pope John Paul, at the end of 10 days of festivities.

The agreement to hold talks is seen by religious observers here

seen by religious observers here as a concession by the Russian Orthodox church, possibly under pressure from the Soviet Government of Mr Mikhail Gorbachev. conscious that the status of the Ukrainian Catholic, or Uniate church, is seen internationally as the most obvious example of religious discrimination in the coun-

in return, the Soviet regime has agreed to an important symbolic concession to the Orthodox church, by allowing part of the historic Pechersky Monastery in Kiev to be given back to the church tomorrow. The monastery was turned into a museum in 1961.

The celebration of the millen-nium has been marked by a sub-stantial improvement in churchstate relations, culminating in a meeting between Mr Gorbachev and Patriarch Pimen, the head of the church, five weeks ago, at which the Soviet leader promised a new law to protect religious

However, dissidents say the Orthodox church leaders are mostly political appointments, and the millennium celebrations have been marked by a lack of any serious challenge to the continuing restrictions on church activities.

These include a ban on charitable work, on controlling its own finances, and on teaching reli-gion outside church services.

There are only 7,000 working Orthodox churches in the Soviet Union today, according to unoffinotice of the PKK allegations and Iran, and it was for this reason that she decided to back Mr A. H. Hermann, Legal Corre-

> working sessions today, dealing with arbitration, new Soviet trade law and the law of inheri-tance and human rights will be on the agenda tonorrow. They will include the right "to leave and to return", to be discussed by Professor Yoram Dinstein of Tel

FINANCIAL TIMES

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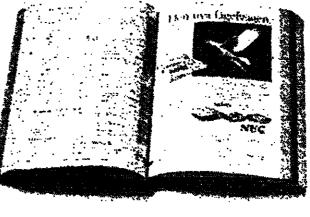
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Shell to rejoin search for oil off India

BY JOHN ELLIOTT IN NEW DELHI

THE ROYAL DUTCH SHELL group is re-entering India after an absence of more than 10 years to explore for oil off the shores of Kerala and Karnataka states in

Delhi on Saturday and is the reserves are discovered. Producfourth international company to join India's third round of offshore exploration, which now covers 120,000 so km. The other companies which have already signed are a consortium of Chevron and Texaco of the US, International Petroleum of Dubai, and Broken Hill Proprietary of Australia. Amoco of the US is still

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negotiating.
India failed in the early 1980s to attract much international 30 sectors of industry have been attention for its first two rounds freed of controls and a system of because the major oil companies development growth centres, believed its terms were too where special industrial incen-

registered in the Netherlands, is to explore two blocks covering about 49,000 sq km. In line with the other companies' agreements, Shell will bear all the exploration risk and will have the right to It signed a contract in New terminate the contract if no tion will be shared on a sliding scale and Shell's entire share will be made available to India at international market prices through the government-owned

system of industrial licensing controls over the weekend. About 30 sectors of industry have been believed its terms were too tough. Now, companies like Shell tives are available, is to be introduced to replace existing backterms sufficiently to balance the geological risk.

A new company called Shell india Production Development, bave also been reduced.

Junejo 'planned to curb Zia's power'

SERIOUS DIFFERENCES on eco- guilty of growing corruption and nomic policy, and the discovery of a plan under which Mr Mohammad Khan Junejo, the Pakistan Prime Minister, would have stripped President Zia of his post of army chief of staff, are emerging as the real reasons behind the sudden dismissal of the entire Pakistani Cabinet and the National Assembly last

The World Bank is threatening to reduce drastically its funding to Pakistan unless big structural reforms are made in the country's economy. The bank, which has already held back a \$200m (£111m) agricultural loan, wants Pakistan to cut its budget deficit before further loans are allocated. But Mr Junejo's Government was expected to present the next budget with an even higher deficit rather than cutting public expenditure and increasing taxa-

President Zla may now be able to produce a more nustere budget acceptable to the World Bank Fund, from which he has

between President Zia and Junejo had gone so far that Mr month. the powerful post of army chief the last budget forecast of of staff. It is through this post Rs52.9hn. The World Bank con-

failed to introduce Islamic princi-ples and prevent a breakdown of domestic debt is around 40 per law and order, and had been cent of GDP.

incompetence. Politicians and senior diplomats have described this as a "constitutional smoke

screen" from the outset.
The two generals in Mr Junejo's sights were responsible for the huge store of rockets, mis-siles and bombs destined for Afghan resistance guerrillas which blew up at Ojhri camp, near Islamabad, on April 10, kill-

ing 104 people.

The reported plan was that Mr
Junejo would hold an emergency
Cabinet meeting on May 30 and
later amounce his crackdown on the army at a news conference, having gained Cabinet approval. President Zia would have been in China.

But he heard of the plan, sacked Mr Junejo, his Cabinet and the National Assembly minutes after the Prime Minister returned from a week-long tour of China, South Korea and the Philippines. He had cancelled his own trip to China.

The pressure is now on President Zia. He has no government, requested \$150n in and is required constitutionally to hold elections by August 29 and gest that the widening rift between President Zia and Mr

Junejo was planning not only to dismiss two senior army generals financial year is projected at but also to strip General Zia of Rs60bn (£1.9bn), compared with that President Zia controls the siders the fiscal deficit of more most powerful political constitu-ency, the army. than 9 per cent of gross domestic product to be too large to manage ency, the army.

President Zia has justified his without detrimental effects on actions on the grounds that the economic stability. The mounting Cabinet and Parliament had deficits are increasing Pakistan's

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LATE PRESIDENT'S SON IS REGIME'S MOST SERIOUS CHALLENGE SINCE 1940

Mexican left unites under Cardenas

BY DAVID GARDNER IN MEXICO CITY

formed a united front to take on out.
the regime in presidential elections on July 6; the Mexican eran Socialist who withdrew his Socialist Party has joined forces candidacy in favour of Mr Car-with the swelling left-wing denas late on Friday, described nationalist current led by Mr the new alliance as "the most Cuauhtemoc Cardenas.

Mr Cardenas, the son of late President Lazaro Cardenas, the dominant political figure in Mexico this century who nationalised the oil industry in 1938, split with the long-ruling Institutional Revolutionary Party (PRI)

last year. He now without doubt represents the most serious challe to the regime since it rigged the 1940 election in favour of his

father's successor.

The centre-left daily La Jornada, one of Mexico's few respected newspapers, whose editors are divided between the PRI and Mr Cardenas, went further in a front-page editorial at the weekend, arguing that the new alliance "opens up an unprecedented situation in what must now be described as the most transcen-

Delhi to

begin

Jaffna

By Mervyn de Silva in Colombo

Lanka this week.

withdrawal

INDIA WILL withdraw some

troops and armour from Sri

It will be the first reduction since an Indian peace-keeping force was despatched to Sri

Lanka as part of the deal signed last July by President Junius Jayawardene of Sri

Lanka and Mr Rajiv Gandhi, India's Prime Minister, in an

attempt to end years of ethnic conflict on the island.

Tomorrow, 2,500 men and the Indian army's Soviet-built T-72 tanks will leave the

Jaffna peninsula in the north of the island. Sri Lankan offi-

cials said the peace-keeping force was also likely to pull back many of the 120mm and

105mm guns brought to sup-

port the infantry brigade in the campaign against Tamil Tiger rebels from their Jaffna stronghold.

The withdrawal, which will

still leave 50,000 Indian troops, follows last week's visit to Colombo of Mr. K C Pant, the Indian Defence Min-

ister. The timing of the announcement may help Presi-dent Jayawardene in his own battle in the deep south this

week against the extremist

People's Liberation Front

(JVP), which has assassinated

his party's chairman and gen-

eral secretary and gunned down 17 candidates during the

recent elections to six provin-

Despite JVP killings, death threats and widespread sabo-

tage, 60 per cent of voters

turned out in the central prov-

ince and 52 per cent in the

all-important western prov-ince, which includes Colombo.

FOR THE FIRST time in its his-dental election since 1910," when won through the 1910-17 Revolu-tory Mexico's political left has the Mexican Revolution broke tion it has never surrendered the

Mr Heberto Castillo, the vetsevere blow the regime has been dealt for a long time." Mr Cardenas himself, continu-

ing a barnstorming sequence of almost revivalist mass meetings across Mexico, told a rally in Ver-acruz that the new unity pact "opens the possibility of the people becoming the Government from December 1 [when the new administration is inaugurated], because now the PRI will not mately reliant on the party's

The chances of the PRI being ousted by elections nevertheless remain virtually nil.

sis and the emergence of a sophisticated society which has

in the US and Japan respectively,

advantage.
In Japan, the two will target

initially the 15 large public works projects such as the new Kansai

nternational Airport set aside by

The special treatment was

accorded after Washington trade officials had complained bitterly

that Japan was excluding US con-

struction firms from its public

In the US, the companies will

nland in the EC supermarket

the Tokyo Government for Japa-

nese-US ventures.

presidency, a state governorship, or even a single senate seat through the ballot box.

Under the de la Madrid admin-istration, which leaves office this year, several fiercely contested municipal and state elections have been secured by ballot-rig-

ging.
This has been implicitly admitted by his hand-picked successor, Mr Carlos Salinas de Gortari, through his reiterated calls for clean elections and an end to "old electoral vices." Mr Salinas, the young former

entrenched corporatist struc-tures, has at the same time injected new vitality into the PRL. This has been enabled in part by the unforeseen strength of Mr Despite the political erosion Cardenas threat to hase his cam-that has come with economic cri-

Yet this threat has now outgrown its corporatist struc-ture, the ruling party was put ther side had anticipated, largely

pany with strong Japanese con-nections and experience. The rapid escalation of the yen

against the dollar has prompted a growing trend of Japanese com-

Some have also expanded local offices to escape the exchange rate penalties on imported goods.

"The association is a natural outgrowth of three successful

joint-ventures in the US," said Mr

The three New York City pro-

Herbert Conant, Turner's chair-

panies setting up US plants.

segments of Mexican society that it is at last possible to challenge

the begemony of the PRI, which they believe incapable of reform. The is what has sucked in the fractured independent left behind Mr Cardenas, in what may now for alleged cases of extortion, have a multiplying effect on his according to the main political might get between a quarter and a third of the vote.

This would displace the rightwing National Action Party as Mexico's main opposition, even though it is also fighting a vigorous campaign, particularly in the more prosperous but politically Planning Minister, though ultidisaffected North.

Most impartial analysts believe the PRI remains the leading party, but based on the largest minority of votes.

Its lowest official result was 71 per cent in 1982, and senior party leaders last week told the Finan-cial Times that they still expect around 60 per cent of the votes cast in the July poll which, now ture, the ruling party was put ther side had anticipated, largely more than ever, will be about the together to consolidate power because it has persuaded wide fairness of the election itself. US and Japanese builders link

Venezuela's national oil company may face extortion probe

/ENEZUELA's national oil com- have launched a series of charges

charges should be investigated. Mr Valmore Acevedo, a Copei senator, had charged that some of materials and equipment middle-level executives at The company has an o

ernment institution to come rupt practices. under attack for alleged corruplin recent months there have
tion. Over the last few months, been rumours that the Govern-

pany, Petroleos de Venezuela SA involving some of the most (PDVSA), should be investigated important state-owned concerns. PDVSA is Venezuela's largest company by far and earns most support. Partial opinion polls opposition group, the Social of the country's foreign have indicated that Mr Cardenas Christian Copei Party. A senior member of the ruling of over \$9bn and a budget of government party, Democratic around \$4bn, the company Action, agreed yesterday that the spends huge sums on contracts covering construction work, services of all types and acquisitions

> The company has an good PDVSA were involved in "possi-ble acts of extortion" related to mance and financial managerecord in terms of general perforcontractors working for the oil ment. In contrast to other government entities, it has been the PDVSA is the most recent gov- target of very few charges of cor-

> In recent months there have Copei and other opponents of the ment will try to obtain new cred-Democration Action Government its overseas through PDVSA.

Caracas signs joint deal to build \$586m coalmine

BY OUR CARACAS CORRESPONDENT

and two international coal com- bones del Guasare SA, which will \$586m coalmine in western Vene-

Carbozulia, a company owned be sold to private investors. Kuamagai Gumi, based in

Tokyo, is one of Japan's big six general contractors. It completed projects worth \$5.8bn last year and signed contracts to build more to the value of \$5.2bn.

TURNER and Kumagai Gumi, concentrate on building offices, jects, worth \$215m in total, were leading construction companies factories and other buildings for a college, a hospital and a 900,000 a college, a hospital and a 900,000 panies. Agipcoal and Arcocoal, operate the mine, and Guasare square feet mixed office/retail have signed an agreement finalis. Coal International, which will be New York-based Turner com-pleted \$2.8bn worth of projects last year and booked orders for

It operates in 22 states and in from Venezuela's Guasare coal- Arco will have 48 per cent. The remaining 3 per cent will

by the Venezuelan Government, began operations on a small scale eign partners will have equal last year, with production of shares in the marketing com-117,000 tonnes.

THE VENEZUELA Government set up two new companies: Car-Carbozulia, a subsidiary of

Venezuela's state oil monopoly, Plans call for a mine capable of will hold 49 per cent of shares in producing and exporting 6.5m the operating concern, while a tonnes per year of coal by 1996 consortium made of Agip and

The Venezuelans and their for-

Production and exports this year are forecast to be more than S00,000 tonnes.

ENI, and Arcocoal is owned by Atlantic Richfield.

Kansallis Banking Group:

have agreed to pursue joint pro-jects so that they can benefit for to do business with a com-from each other's home base pany with strong Japanese con-

Looking for specialist market niches

When the Kansallis Banking Group talks of the reorganisation was about offering the entire spectrum of banking, from retail to merchant, commercial and investment, it is not a conservative form of sensationalism. In free competition. Finland, as in West Germany and "We responded Switzerland, offering a comprehensive new challenges of the service is the only way to do business in the banking world.

Nowadays, following the all-time record high deregulation, such Finn- As a result, for the ish private banks as Kansallis are able to offer those selfsame facilities overseas - though the retail sector is generally unlikely to play a part. And they are venturing out well-armed: the liquidity of these universal banks is high and they are eager to expand their business.

When the Government of Finland took the fetters off the country's private banks in 1987, it opened up a way for across-the-board banking in the fullest

commercial sense. Gone were the controls exercised by the Bank of Finland on short-term funds, which cut off the long-term investment launches. Gone, the central investment bank's ceiling on the in the global markets.

average domestic interest To utilise these rates imposed on the private sector. Gone, too, the restrictions on foreign currency borrowing from abroad.

Deregulation created a short-term money market that had not previously existed. Additionally, with the markka's having gained in strength in recent years, coupled with Finnish companies' overseas borrowing, the Bank of Finland's foreign exchange reserves have swelled to an

As a result, for the first time ever the private banking world in Finland finds itself in the position of being less of a rationer of funds than a major seller. Now, all that is needed by the liquidity-rich banks is a good, solid clientele. Especially, overseas, in the corporate and investment banking sectors.

No bank understands this better than Kansallis, Finland's leading com-mercial bank. No longer hamstrung by government regulations, it has established skills and know-how to offer in the corporate and investment banking sectors in particular, a secondgeneration, on-line, realtime data transfer system wellspring of ready money. time data transfer system Gone, the block on allowing virtually incorporations medium and stantaneous transactions internationally, and the desire to play a greater role

> To utilise these advantages to the full, and to tailor its functions to Finland's new economic environment and financial demands farther afield, Kansallis actively re-structured itself at the beginning of 1988. The rethink was a radical one, but with the resultant organisation securely on the disciplines and professionalism gained over many years of experience.

The principal architect



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KANSALLIS BANKING GROUP Kansallis-Osake-Pankki

Key statistics, financial year ended 31 December 1987

200 597 Shareholders Total consolidated 2610 million shareholders' equity Total consolidated

funding from the Telephone: +358 0 1631 Telefax: +358 0 1633595 Consolidated Telex: 124412 kopio sf operating profit

£6085 million

£151 million

By Victor Thorne, Helsinki

Dr Jaakko Lassila, Chief General Manager of Kansallis and a man noted for his advocacy of barrier-

"We responded to the market in the first instance by changing our organisation," is how he puts it. "Deregulation had improved our profits, in that we could price our own products ourselves. That meant we had less interest rate risks than before. But we had to be geared up to make full use of the prospects."

While the high street banking side remains an important source of funds, greater emphasis has been placed on corporate, international and investment banking incorporating specialist functions for incorporating underwriting operations and to manage the bank's own equity and bond

Of the 64 public issues by Finnish companies last year, the investment for a staff of sixty. At the banking side ______ it.

of Kansallis "We aim managed 34. In 1987, too, there were 23 to keep our triple-A issues of bonds status" with equity warrants in

the bank. In the international markets, Kansallis man-

aged its own issue of \$ 100 million bonds with equity warrants and participated in the management of an issue of equity-linked business has exceeded the bonds by the Nokia bank's expectations. And Corporation. As a vital part of its

activities, electronic data processing (EDP) has its own department in Helsinki, staffed by some 600 people. It is an area in which Finnish banks are well in advance of most, with a welter of the normal over-the-counter transactions being conducted electronically.

Kansallis has been using a sophisticated EDP system for a decade now, and is just installing second-generation mainframe computers and networking to cope with increasing and more varied demands on its services.



Jaakko Lassila at the telling- point: EDP at work

As Finland's more goahead industrial enterinternationalised, prises the pressure on banks like Kansallis to offer wholesale banking facilities abroad grew in proportion. But that type of business would not have been sufficient foundation for profitable operations. The client base had to be broadened, and Kansallis found the need to boost its foreign exchange operations, to play the money market.

The bank acquired a 20-year lease on Whittington House in the City of London, with enough space

seemed equate ough. Today, with Kansallis active in the syndicated loans market

the domestic market, eight and taking a lead manof them, valued at FIM 1.1 agement role in many
billion, lead managed by in- ancing schemes for UK companies, the staff has grown to 136 and Kansallis has had to take on a second office building, in nearby

> It has been the same story in New York, where while enterprise has not recorded quite the same growth, it is a profitable concern - a characteristic shared by Kansallis International Bank S.A. in Luxembourg.

Then there is that pearl among pearls, the Kansallis Banking Group's among Zürich operation - the comparatively small but Bank, which last year in Europe - for the banks, enjoyed especial success in the service sector. After investment services and all, around 35% of our securities trading.

But there is a con comitant risk in the expansion of foreign business. Given that banks in

general are not noted for their cavalier approach to investment, and that Finnish banks in particular are arch conservative, how is that risk contained?

Lassila: "Because of this innate conservatism, Finnish banks Kansallis have achieved a triple-A status of which weare jealous. We aim to keep that status. Our credit losses have traditionally been minimal; last year, they were bigger than usual, but nevertheless amounted to just 0.16% of

our lending portfolio. "We minimise our risk by trying to specialise in certain types of business and client, to find niches in the market where we feel we have more to offer than other banks, rather than building up our overall lending.

"For example, we know the forest products industry very well - not only in Finland but inter-nationally. We feel we know something about telecommunications, too. And, importantly, we've not had the major exposure in Latin American or Third World countries that has given many banks a big

While Kansallis sees the world as its oyster, it regards the European Community countries as offering significant growth potential. Jaakko Lassila sums up:

"I believe it's a must for the Finnish economy that we participate in the new mightily sound Nordfinanz open market approaching national product is exported, with the bulk of it going to the EC area. At Kansallis, we're prepared for the ensuing com-

meetings. From our intimate cocktail bar and two first class restaurants - French Provencal and Chinese Szechuan - to our private bealth club.

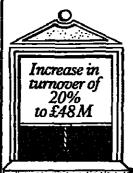
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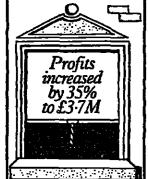
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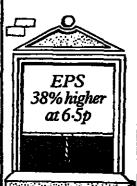
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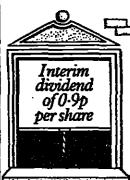
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The PLO chief may not gain the unequivocal response he seeks from Arab leaders in Algiers, reports Andrew Gowers

Arafat strives to replace fine words with aid for Palestinians

THREE WEEKS AGO. Mr Yassir Arafat, chalrman of the Palestine Liberation Organisation, delivered a stern lecture to Arab dent Chadli Bendjedid of Algeria, first place. Liberation Organisation, delivered a stern lecture to Arab ambassadors in Baghdad, one of the PLO's two main homes. The Arab states, he said, were

not doing nearly enough to assist the Palestinian uprising in the Israeli-occupied West Bank and Gaza Strip, for all their fine Gaza Strip, for an enter ime words of support.

Their financial backing was barely 25 per cent of what was needed. They had failed to adopt

a clear political stance towards (uprising). Their media had not given it due attention, and some Arab governments were casting doubt on the leadership of the

This week, as Arab heads of state gather in Algiers for their second "emergency" summit meeting in seven months, Mr Arafat will be to put money and political mus-cle where so far there has not been much more than rhetoric. The signs are that when the not obtain quite the unequivocal response he is looking for.

one of the PLO's strongest sup-porters and co-author of its reunicalled for an emergency meeting on the subject some mouths ago. It is now taking place a full six months after the inhabitants of the West Bank and Gaza initiated their stone-throwing revolt against Israeli troops, and at a time when the intensity of the uprising appears for the time being to have ebbed somewhat. Nevertheless, the fact that the

leaders it is expected to muster (all except Sultan Qaboos of Oman and, of course, President Mubarak of Egypt) – underlines the extent to which the pendulum of Middle Eastern politics has shifted in the last few months.

At their last summit in Amman in November, the leaders spent most of their time talking about the Gulf war, and trying to

"Our people in the occupied

porters and co-author of its reunification in Algiers last year.

areas revolted in response to the insult against them and their rep-

Nevertheless, the fact that the Algiers meeting is being held at large turn-out of leaders it is expected to muster

By the same toll A. Syrick College of t

about the Gulf war, and trying to between Syrian-backed and Iraniclose Arab ranks against what an-sponsored militias, as a vic-was perceived as a threat from tory of sorts over Tehran. Apart from sideshows such as



sion of Egypt to the Arab League, that leaves the stage clear for discussion of the Arab-Israel conflict, and the Palestinians' core demand for a state of their own The difficulty the meeting faces is finding anything terribly new. coherent or convincing to say

The uprising, in which more than 200 Palestinians have been killed by the Israelis since it started last December, has cer-tainly transformed the situation on the ground. But the embar-rassing truth is that it caught

bling - with varying degrees of year. success and enthusiasm - to The problem here is that most come to terms with it ever since. of the Arab donor-states long ago In the circumstances, the Algereneged on their full 1978 committee their work mitments both to the PLO and to whom were not keen on holding the problem here is that most was pursuing forlornly in the region at the weekend.

Arab moderates - some of the problem here is that most was pursuing forlornly in the region at the weekend.

Arab moderates - some of the problem here is that most was pursuing forlornly in the region at the weekend.

tle to support it," said one seathemselves, the Israeli authorisoned Arab diplomat. "The questies — convinced that economic

The PLO is said to be seeking Politically, the Algerians will \$20m a month to assist the Palestinians in the occupied territories arab consensus behind the upris-

in becoming less dependent on ing, as well as working to further Israel. Jordan and Syria will also the recent reconciliation between probably have their hands out. North African states.

rian hosts will have their work mitments both to the PLO and to whom were not keen to have declined in recent years, that the meeting should not not murning into yet another rehearsal of old differences on the Middle East "peace process", or of mutual recriminations over the uprising.

"The problem is that six months after the intifada, Arab amounts after the intifada, Arab are likely to be relatively small.

As for the occupied territories unre off Israel.

As for the occupied territories unre off Israel.

The outcome is almost certain

pressure is the key to crushing the Palestinian unrest - appear There are likely to be two to be having increasing success interlinked strands to the debate in keeping Arab donations out. It on the uprising, both of them is hard to see what the leaders problematical First, there will be meeting in Algiers can do to cirthe inevitable demands for current tight Israeli controls on money from the wealthy Arab bank transfers and on move-

Arab governments and, to an ing "front line states" and the extent, the PLO leadership itself PLO with \$3.5bn (£1.9bn) a year respond to Washington's Middle off guard. They have been straming and expires at the end of this East peace plan which Mr George Shultz, the US Secretary of State, problem here is that most was pursuing forlornly in the

a summit at all - are anxious

sure off Israel.

The outcome is almost certain to be the usual brand of Arab summit fudge, though probably with more of a radical flavour than for some time. In this respect, much depends on the state of President Assad's muchtouted "reconciliation" with Mr Arafat, which began with great fanfares in April but has yet to yield concrete results.

For his part, Mr Arafat already seems to be reconciling himself to modest results from the meeting. He told the ambassadors in probably have their hands out. North African states.

Apart from the Palestinian would "continue and escalate" regardless of what the mit pledge to provide the remain-uprising itself, a critical issue for summit decided.

Rabat underlines wish for Algerian links

BY FRANCIS GHILES IN ALGIERS

Morocco to travel to Algiers this week, coming less than one month after the re-establishment of diplomatic relations between his country and Algeria, underlines the importance the two ambassador in Paris, is a highly major Maghreb countries attach professional senior diplomat. to the rebuilding of links broken

Algeria had recognised the Saharan Arab Democratic Republic, with all Moroccans and Algeri-whose Polisario guerrillas have, ans, especially in regional areas, ran Arab Democratic Republic.

The quality of the two ambassadors appointed to represent their respective countries also President Chadli Bendjedid mean President Houari Boumediene acceptable to all three parties to business — Professor Abedellatif expelled tens of thousands of the conflict.

Berbiche is a member of the More Moroccans who had lived in occan monarch's inner circle, and Mr Abdelhamid Mehri, who until late last month was his country's

The frontier between the two countries was reopened yesterday The kingdom severed links and visas are no longer neces-with its eastern neighbour after sary. The agreement between the two countries is highly popular whose Polisario guerrillas nave, been fighting for the independence of the former Spanish colony of the Western Sahara.

and large crowds of Algerians dence of the former Spanish colony of the Western Sahara.

Oujda yesterday.

Moroccans who had lived in Algeria, often for more than a generation, without any compen-

of an eventual settlement of the UN Secretary-General, Mr Javier The people of Oran and Tiemwestern Saharan conflict could cen, in western Algeria, were be But it appears that a statute deeply offended when the late of internal autonomy might be conflict closer together.

This would be much in line with King Hassan's remarks in 1984 that everything was negotiahie bar the stamp and the flag. Although some Algerian fami- Such a settlement would allow lies from the west were still the Western Saharans considerallowed to travel to the old Morable autonomy, even to the occan imperial city of Fez to find extent of opening commercial a bride, it is no exaggeration to offices abroad, and would provide say that these towns felt "cultur-ally orphaned". Family, business the 150,000 refugees who now live and cultural links going back in camps in south-western 1,000 years had been cut at a Sahara, whenever they might return home.

Nothing has been said at least Such a solution, it appears, publicly about what the outline would have the blessing of the

Israel braces for the worst

BY ANDREW WHITLEY IN JERUSALEM

summit meeting of Arab League heads of state with a mixture of

Called specifically to address the issue of the six-month-long Palestinian uprising in the occu-pied territories, the Government is bracing itself for the worst. The summit can do enormous damage to the peace process," said a senior Foreign Ministry official. "The most optimistic sce nario is that it won't go beyond repeating the Amman resolutions (of last November's summit), together with some verbal sup-port for the intifada." But, he went on, it could equally produce resolutions which would "make any progress in this region

Israel got off lightly last November, when the Arab sum-mit hosted by King Hussein

focused almost exclusively on the Iran-Iraq war and on inter-Arab came from Syria, through its unity, leaving the Jordanian monarch with a free hand to puradio station influential in the care of the iran-beta care of the sue his own diplomacy towards early stages of the unrest, the West Bank.

pied territories, fuelled by frus-tration over the apparent down-grading of the Palestinian issue in Arab minds. That lapse is now set to be rectified. So far, to Israel's not-so-secret

relief, support from Arab govern-ments for the Palestine Libera-tion Organisation in its direction of the uprising has been largely verbal. Saudi Arabia offered at one stage to provide emergency assistance to beseiged refugee camps in the Gaza Strip; but the offer was predictably dismissed

the West Bank. together with the freedom it has But the joy in Jerusalem was given Damascus-based radical short-lived. Within over in the occu-

As pessimism over the outcome of the latest shuttle mission by US Secretary of State George Shultz settles in among even its most ardent former supporters in Israel, officials are clutching at straws.

One expressed the hope on Friday that the presence of Mr Shultz in the region this week would act as a moderating influence on the Algiers summ Such hopes find little echo among Israel's small army of

Zimbabwe economy 'set to grow by 5%'

than 1 per cent.
In its latest economic review, the Reserve (Central) bank of Zimbabwe (RBZ) attributes this unturn to sharply-higher agricultural production allied with "moderate" growth in both min-ing and manufacturing.

investment" is now occurring in mobilised.

export revolving fund, barter and aid agreements and the recently-adjustment policies signals a later this week, the IMF team, established supplementary allochange of stance in Zimbabwe, which is visiting the country for routine Article Four discussions, established supplementary allochange of stance in Zimbabwe, which is visiting the country for routine Article Four discussions, and the recently adjustment policies signals a later this week, the IMF team, established supplementary allocations in Zimbabwe, which is visiting the country for cies.

This optimistic forecast comes per manufacturing production. improve the balance of payments. The Zimbabwe Government after two years of stagnation during which real gross domestic in imports attributable mainly to ment while keeping inflation an Australian consultant, to

Clause 24 provides for strike ballots even for unregistered

unions while the controversial

Clause 26 removes indemnity in the case of illegal strikes or lock-

outs. It is this clause which fuels union fears that they could be

But the wider objections to the bill lie in its symbolic role as the linchpin of a much tougher man-

The support of church

groups is likely to turn

a labour law protest

into a wider

and anti-apartheid

ZIMBABWE'S economy should grow some 5 per cent this year, according to the country's central bank.

This continuistic forecast cases.

This continuistic forecast cases.

Zimbabwe has been negotia- can be expected to underline the ural production allied with moderate growth in both minneds to accelerate significantly more than two years for a trade tion in the budget deficit, as well moderate growth in both minneds to accelerate significantly more than two years for a trade tion in the budget deficit, as well moderate growth in both minneds to accelerate significantly more than two years for a trade tion in the budget deficit, as well mediant to more than two years for a trade tion in the budget deficit, as well mediant to accelerate the mind that the ting with the World Bank for a reduction in the budget deficit, as well mediant to accelerate to mind the substant ting with the World Bank for a reduction in the budget deficit, as well with the world Bank for a reduction in the budget deficit, as well with the world Bank for a reduction in the budget deficit, as well with the world Bank for a reduction in the budget deficit, as well with the world Bank for a reduction in the budget deficit, as well with the world Bank for a reduction in the budget deficit, as well with the world Bank for a reduction in the budget deficit, as well as the first transfer to the substant tion in the budget deficit, as well as the first transfer to the proposition of the proposition in the budget deficit.

Mauritius aims to be finance centre

MAURITIUS has announced a series of measures aimed at help-ing it to turn into an internareports from Port Louis. Presenting his 1987/88

to Parliament, Finance Minister Mr Vishnu Lutchmeenaraidoo said exchange controls would be relaxed and tax incentives brought in to promote trading on a stock exchange due to open this Mauritius's first offshore banks

would open in October. The minister said the Governnent would repay early \$30m of its \$370m (£240m) foreign debt.
From July, commercial banks
would be free to settle all import payments without reference to the central bank.

investors would be exempted from tax on 35 per cent of all dividend payments, and profits of up to Rs100,000 (24,166) a year from the sale of stocks and shares would also be exempt.

US 'helping Unita move main base to Zaire' THE US is helping Unita rebels Angola of providing bases for

move their main base to Zaire to Unita and supply lines for US prepare for a thrust into Angola's military aid to the rebels. He connorthern economic heartland, a sistently denies it. senior Angolan diplomat said Mr. Klambata said; "The US is yesterday, Reuter reports from pressing Unita and South Africa to dismantle Jamba, and all the Use of the control of the co

If the deployment is confirmed, it would represent a major politi-(Unita) out of the shadow of its main sponsor, South Africa, in an

Unita has fought Angola's after independence from Portugal in 1975. Cuba has sent tens of The Government projected expenditure of Rs9.4bn in the coming year, up from Rs7.9bn in 1987/88, while revenue would remain stable at about Rs8.7bn.

In 1973. Club has sent tens of threaten peace talks which South thousands of troops into the Africa, Cuba, Angola and the US began last month in an effort to in its fight against the rebels.

Zaire's President Mobutu Sese secure independence for Namibla and end the 13-year-old Angolan war.

Angola's ambassador in Unita equipment is being trans-Angola's ambassador in Unita equipment is being trans-Lusaka, Mr Luis Neto Kiambata, said US aircraft were ferrying Unita equipment from rebel head-quarters at Jamba, south-east Unita planned to launch a big push into Angola's Uige province and try to capture the town of border with northern Angola. If the deployment is confirmed, it would represent a major politi-

He said the rebels hoped to se cal as well as military move. It is a new base in Quimbele that would take Jonas Savimhi's prowould directly threaten northern Western National Union for the Total Independence of Angola wells, the main source of the

country's wealth.
Dr Savimbi's headquarters at apparent effort to bolster its Jamba is on the border with claims to a place in peace negoti- South African ruled Namibla about 800 miles south-east of Luanda and about the same dis-

Marxist Government since just tance south of Uige province.

after independence from Portugal He added that US actions could threaten peace talks which South Africa, Cuba, Angola and the US

The economy is becoming a punchbag, Anthony Robinson writes S African unions set for clash of wills

SOUTH AFRICA's black trade unions appear set for a major clash of wills with employers this comes much closer to home - the government's proposed amendinate through the economy into a strikes over the same issue in a now that the movement has 15-month period and creates a thrown up some impressive leadness through the economy into a government's proposed amendinate through the economy into a structures.

Millions of black workers are expected to heed the call for three days of "national peaceful protest in factories, mines and shops, defying management warnings of possible dismissals. The support of the major churches and black anti-apartheld organisations is expected to turn what started as a protest against new labour laws and the banning of 17 anti-apartheid in line with labour legisl organisations into a wider anti-other Western countries.

emotive anniversary of the June 16, 1976 Soweto uprising and only days before Pretoria is expected to extend the state of emergency into its third year. The decision to call for "three days of national peaceful protest" was made at last month's special

conference of the Congress of South African Trade Unions (Cosatu), the country's largest and most militant union federation with nearly 1m members. The wording carefully avoided any mention of strikes or "staya-

ways" because political strikes, and a wide range of other politi-cal actions such as support for rent or consumer boycotts and calls for the release of Nelson Mandela and other jailed leaders, were banned on February 24.

Act (LRA) now before parlia-

Last week, management labour specialists and members of the South African Co-ordinating Committee on Labour Affairs (Saccola) unsuccessfully tried to pursuade Cosatu and Nactu, the black consciousness union group, that the proposed amendments did not amount to an assault on established union rights but were in line with labour legislation in

government demonstration. The unions were not It takes place a week before the impressed. Mr Jay Naidoo, Cosatu's general secretary, insisted that the labour movement had not been fully consulted on the new bill which the unions "believe very severely curtails union rights...and entitles employers to sue and bankrupt unions"

unions."

In a full-page advertisement in major papers last week, Saccola maintained that the union allegations "are not supported by analysis of the bill". The most conline troversial amendments are those aimed at curbing mofficial wild cat strikes, the overwhelming majority of last year's 1,148 ers their sole legal instrument for strikes, in which over 9m manualysis with the white power days were lost, an 800 per cent increase on 1986.

The teeth of the new bill are

demonstration

anti-government

increase on 1986.

The teeth of the new bill are trade unions as the most imporcontained in the clauses which tant single reform of the apart-The first target of the "peaceful make secondary or sympthy held system to date. But the relaprotest" is this crackdown on union political activity, part of the wider suppression of 17 opposition groups, including the United Democratic Front (UDF)

Contained in the clauses which the spartmake secondary or sympthy held system to date. But the relative tolerance with which alongside consumer boycotts of management accepted the fiedgethe products of strikebound combined unions and their first muscle-stretching has given way to a United Democratic Front (UDF)

The first major crunch came with last year's strike by 300,000 members of the National Union of Mineworkers (NUM) led by Mr Cyril Ramaphosa. Anglo-Ameri-can Corporation, the hardest-hit mining house, finally ended the three-week strike by dismissing 40,000 miners and threatening to close marginal shafts and deep mines badly damaged by rock pressure during the strike.

Since then, Anglo and other managements have been trying to educate unions about the capitalist realities, including in Anglo's case distributing shares

It is an uphill struggle because the stalemate over black political rights and tightened repression under the emergency laws has left the unions, and the churches, in the frontline of the anti-spartheid struggle.

The class war instincts of many poorly educated but ambitious union officials, reinforced by such actions as the blowing up of Cosata House and alleged police harassment, are now being matched by the skills of a new breed of trained labour relations managers with an eye on the profit and loss account.

In essence, this week's trial of strength will provide an indicator not only of trade union militancy but also of the deeper tensions which bubble beneath the super-ficial calm of the state of emer-

> S.P. Dumber-Johnson on 01-248 8000 ext 4148 or write to him at: Bracken House 10 Cannon Street London

SPANISH BANKING FINANCE & INVESTMENT

FINANCIAL TIMES

The Financial Times proposes to publish a Survey on the above on

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Care of The Environment
The Financial Times proposes to publish this survey on: 22 July 1988 For a full editorial synopsis and advertisement details, please conGuardian

to launch

European

THE GUARDIAN newspaper is

planning to launch a daily European edition next Monday

for distribution in France,

Initially, the proposed paper would be a "beach edition" aimed at southern European

resorts. It would be the first

seasonal daily paper to be pro-duced by a UK national news-

paper group.
Mr Jim Markwick, The Guardian's managing director, confirmed yesterday that the

newspaper was experimenting with print runs in Europe this

week. "The Guardian is looking at the European situa-tion and experimenting on

looking at a European edi-tion," said Mr Markwick. "A European edition of The Guardian could be seasonal, or

not. The current experiments

are all part of the process of

seeking answers."
The Guardian already prints

a weekly edition of the main UK newspaper in Canada.

A special 24-page edition of the newspaper will be faxed from its offices in London and

printed at Vitrolles near Mar-

The edition will be printed

by Ricobono, which also prints

French newspapers. It will have an initial print run of

10,000 copies, of which about 2,500 will be distributed in

France by NMPP, the co-opera-tive of French newspaper dis-

The Guardian is also under-

stood to be discussing the pos-

sibility of printing in northern

The Financial Times was the

first UK national newspaper to publish an international edi-

tion, printing initially in Frankfurt, then also in New York, with France added this

The management of The

Guardian is meeting to discuss results of the experiments later this week and to take a

final decision on the project.

Mr Peter Preston, chairman

and editor of The Guardian

said yesterday in response to a

suggestion that the paper

seilles in southern France.

edition

By Lynton McLain and Alain Cass

Italy and Spain.

Industrial relations professor commends single-union pacts

BY OUR LABOUR STAFF

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THE trade union movement is likely to be weakened unless a majority of members can be persuaded of the need for single-union agreements instead of traditional "adversarial patterns,"

"positive change" that was tion in administration may pave unlikely to be completely the way for similar radical reversed, although in the public changes in industrial relations. Meanwhile, in another paper on industrial relations, Professor seemed to be more evident. an international report states

agement relations, Professor Ben
Roberts of the Department of
Industrial Relations at the London School of Economics warms that British unions face an everthat British unions face an everthat a study of new industrial as the Lordon as the EETPU is "going or "green field" sites where such far beyond a pragmatic response" concepts are "built into the design of the organisation and that British unions face an ever"Japanese-style" workplace

The study of new industrial relations in the study of the study growing threat that employers agreements.

under pressure from technologi He says the

house in order, employers, whose acting as a collective bargaining support is vital to union survival, agent in a system of conflict tions: Developments in the US, will increasingly show less between unions and employers UK, and Canada. Occasional respect for their interests," Pro and the state."

The study suggests that in the can Research Association, 35-37

oday.

In a study on new labour-man
strongly supportive of unions argues that in the U.S.the introsuch as the KETPU electricians duction of flexible work systems

He says the union is "advanccal, market, and social changes ing a philosophy of trade union many changes in work rules have might by pass union officials and deal directly with employees.

"If the unions fall to put their individual needs rather than on involving a strike."

fessor Roberts says.

The study argues that industrial relations are undergoing a privatisation and decentralisa.

The study argues that industrial relations are undergoing a privatisation and decentralisa.

Professor Roberts appears to be setts Institute of Technology. the start."

By contrast in existing plants

Departures in Industrial Rela-

UK unions collect less from members

smaller proportion of their earn-ings to their trade unions than their counterparts in West Ger-paying a fixed proportion of their many, Italy, and France according to survey published today by butions, the Labour Research Department, a UK-based trade union research organisation.

The survey suggests that in contributions. In Italy and broad terms UK union contributions are about half the level confederations collect between butions are about half the level of those in West Germany and 0.5 per somewhere around two-thirds cent. of the level in France and Italy.

According to the LRD, the disparity is largely accounted for by the major differences that exist in trade union structure and tradition which have a direct bearing on union finances within the National Union of Mineworkers

four countries.
In the UK, the majority of In the UK, the majority of mions have a single fixed contribution for full-time adult work- for money, the LRD report com-

Nalgo, the white collar union, which has 16 contribution 'bands'

that vary according to salary By contrast in West Germany,

BRITISH trade unionists pay a 14 mions with more than 100,000 union the TGWU transport, gross pay in trade union contri-

> Ten of the 14 West German unions collect 1 per cent or more of their members' earnings as 0.5 per cent and just over 1 per

> However in the majority of UK unions with more than 100,000 contributions are equivalent to between 0.4 per cent and 0.6 per cent of earnings. The exceptions are the NGA print union and the with 0.9 per cent.

ers, with a lower rate for part timers and younger workers.

The only British union with more than 100,000 members to link contributions to earnings is

Q. WHY IS A BOMBAY

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is one so secret it has no address, no records, no controls. But your corner

despite the fact that the TGWU has 200,000 more members. The greater financial strength

of the West German unions is

reflected in much higher levels of expenditure in services such as publications and training For example West Germany's

biggest union IGM, with 2.6m members, distributes 2.3m copies of 'Metall', its fortnightly newspaper, in addition to 180,000 copies of a monthly magazine for activists. The TGWU, with 13m members, distributes 350,000 copies of "The Record", its monthly paper, although it also has three specialist journals with a combined cir-culation of 140,000.

West Germany's railway workers' union has two education cen-tres for its 340,000 members, while the country's postal work-

more than their UK opposite numbers."

which is a satisful UK terms tion programme in UK terms puts 2,200 of its 192,000 members In 1986, the second largest on similar training courses annu-

By contrast in West Germany, France, and Italy, union contributions are almost invariably linked to pay, and frequently on a percentage basis.

In West Germany, eight of the Second largest on similar training courses annually. Services Transport and Traffic Outcome Largest on similar training courses annually. Services Transport and Traffic Outcome Largest on similar training courses annually. Services Transport and Traffic Outcome Largest on similar training courses annually. Services Transport and Traffic Outcome Largest on similar training courses annually. Services Transport and Traffic Outcome Largest on similar training courses annually. Services Transport and Traffic Outcome Largest on similar training courses annually. Services Transport and Traffic Outcome Largest on similar training courses annually.

would be printing in Europe that the position was "more laid back than that." The circulation of The Guardian has dropped since its re-design earlier this year. Over the past 18 months it has fallen from over 500,000 to less than 450,000 parity as a result of the challenge posed by the Independent . . . the attempt to produce a European edition could be one way of increasing

The project has been hatched in conditions of absointe secrecy over the past six months, although the idea of a European edition of The Guardian was first mooted in 1980. However, NMPP were told of the plans only two weeks ago, according to a French executive of the dis-tributors. The Guardian had wanted to start printing today.

There is some scepticism among Freuch newspaper dis-tributors about the circulation targets The Guardian appears to have set itself in Europe. "It will certainly be tough to sell," said one executive in Paris.

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FINANCIAL TIMES

CBI calls for new equal pay laws

amend current equal pay legisla- to industry.
tion following a recent House of In its latest Employment

for equal value is the most caustic employer response so far to last month's Law Lords' judgment upholding a claim by Miss Julie House 2 chimand and the Government to amount to says today the Julie Hayward, a shipyard cook, for higher pay to give her parity with male employees doing differ-

Lords judgment supporting the Affairs Report, the CBI says that as it saids, the principle of equal pay for work of the Lords' decision is a "clear mon sense, to increase employequal value, the Confederation of invitation" to parliament to constitute the terms of the requirements of equity and there-The CBI's call for Government equal value legislation, intro-fore to put jobs at risk. The law is furdism on the issue of equal pay duced against the Government's

> the Government to amend the Equal Pay Act to restore common sense to the concept of equal

Arguing that the effect of the Describing the Lords' decision as "fundamentally flawed", the body says it is not surprising that Dody says there is nothing in at early stages of the case lower- European law which supports at early stages of the case, lower- European law which supports Even though it was not before level courts said supporting the employees bringing leapfrogging the Lords as a substantive issue,

It says that "as it stands, the requirements of equity and there-fore to put jobs at risk. The law is

Mr Rod Thomas, the CBI's director of employment affairs, judgment, says today that in the wake of Mr John the Hayward case, the law now operates arbitrarily by allowing unintended pay rises only to those employees lucky enough to have a different benefits package from a group of employees of the opposite sex engaged on work of equal value."

THE GOVERNMENT must claim would do "grave damage" claims on the grounds of equal the CBI says that the effect of the amend current equal pay legislation industry. tain the available defence to employers under the law against an equal value claim that a pay variation is due to a material fac-

tor other than sex. In response to the CBI's call, the Department of Employment said it was examining the legal implications of the Hayward

Mr John Edmonds, general secretary of the GMB union, which helped Miss Hayward bring her case, said the Lords' judgment would come to be regarded as "one of the great milestones of women's emancipation". He said of the CBI's call that it was hard to understand it, "except as an escape from employers' obligations to women's equal pay.

Specialised satellite service licences attract wide interest

BY HUGO DIXON AND TERRY DODSWORTH

ABOUT 20 bodies including the Stock Exchange and businesses run by Mr Robert Maxwell and Mr Rupert Murdoch, are expected to apply this week for six new licences to operate specialised

satellite services in the UK. The licences, to be awarded this summer, are being granted as part of the Government's policy of liberalising the telecommunications market.

They will allow operating companies to provide facilities for sending one-way traffic to specialist audiences - currently a British Telecom and Mercury duopoly.

Interest in the new satellite system appears to have been much heavier than the Depart-ment of Trade and Industry expected when it decided on fur-

ther liberalisation. At that time the Government imposed tight limits on the licences in accordance with its commitment to maintain the BT-Mercury telecommunications duopoly until 1990. As a result, the new operating companies will be able to transmit only within the UK and on a one-way basis, beaming messages to a satellite from a central point and back to small satellite dishes.

In spite of these limitations, potential operators foresee oppor-tunites for distributing voice, tunites for distributing voice, data and visual signals to specialist audiences where there is no need for a reply. The applicants

| Databast and Download | Experience in the Us, the Only market where such services are widely operated, has shown they ist audiences where there is no need for a reply. The applicants tem using British Telecom trans-

financial data using satellites in addition to their present cable-based systems, because satellites can transmit more data more

 Thorn EMI and Maxwell Satellite Communications are more interested in using the licences to provide retailers with one-way video conferencing facilities, helping shop managers keep in touch with new product launches.

 EDS, the US data communications specialist owned by General Motors, has plans for a number of applications modelled on experi-ence in the US, where GM, for example, uses satellites to keep in touch with its dealer organisa-

 British Satellite Broadcasting, which plans to launch its first satellite to broadcast new television channels is interested in sion channels, is interested in

sleeve. The present service col-lects television signals from race-courses and sends them to bet-include: ting shops.

Other organisations involved in discussions with the DTI and the Office of Telecommunica-tions. the regulatory body for the tions, the regulatory body for the ● The Stock Exchange and Reuindustry, include foreign operat-ters, which want to transmit ing groups and equipment suppli-

KDD, the Japanese international service provider, for example, is anxious to keep in touch with the deregulation process in

On the equipment supply side, Ferranti is interested in the sale of transmission equipment, while Pan American Satellite, an American group, can offer capacity on the satellite it is due to launch this week.

The operating companies believe it will be possible to establish a system for a capital outlay of between £2m and £3m on the transmission stations, which will be clustered at three sites around the country.

They claim they will easily

sion channels, is interested in leasing circuits to third parties.

Setting up the services, a number of which will be able to run • The BBC is considering on one transmission station, is applying for a satellite licence to likely to be more costly. SIS, for complement its terrestrial spe-instance, has spent about £85m in cialist broadcasting ser- its betting shop system, although vices - Datacast amd Download- experience in the US, the only

'Upward pressure' on wage demands

By Our Labour Editor

PRESSURES forcing wage settlements upwards are intensifying while downward pay pressure is declining, according to figures published today by the Con-federation of British Industry.

Provisional figures from the CBI's pay databank, published in its bi-monthly Employment Affairs Report, show settlements in industry averaging 6 per cent in the first quarter of this year, compared with 5.5 per cent in the final quarter of 1987.

Settlements are also increasing in the private service sector, averaging an estimated 6.9 per cent so far this year compared with 6.7 per cent for the second

pay charted by the CBI are increasing, apart from the cost of living. In 1967-88, 23 per cent of respondents to the CBI's survey All the upward pressures on said it was an important upweard

Factors cited by the CBI as increasing upward pay pressure were as follows: company profit levels were mentioned by 23 per cent of respondents in 1987-88, compared with 20 per cent in 1986-87. Labour productivity was mentioned by 19 per cent in 1987-88, compared with 15 per

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BY DAVID FISHLOCK, SCIENCE EDITOR

PLANS TO privatise one of Scottants, a study of the potential for neering expertise but not domi land's biggest research centres privatising the British Technol-are expected to be announced by ogy Group, its technology transthe Department of Trade and fer agency.

Industry this week. The Government is to invite come from the British Hydrome-bids for the National Engineering chanics Research Association Laboratory (NEL) at East Kil. (BHRA), a privately-owned labo-Laboratory (NEL) at East KilLaboratory (Nell) and turbo-machinery, blotechnolMy and offshore engineering.
Li is planning a joint bid with BHRA's research, including fluid power, flow measurement and turbo-machinery, blotechnolMy and offshore engineering.
Li is planning a joint bid with power, flow measurement and turbo-machinery, blotechnolMy and offshore engineering.
Li is also found areas complement and turbo-machinery, blotechnolMy and offshore engineering.
Li is also

to a "Rover solution" to help pay association, which made a small

assist restructuring, although of British companies with inter-this figure has still to be ests in fluid engineering but is approved in Brussels.

period, perhaps five years. ear The DTI, with a research and year development budget of more than With DTI encouragement, 5500m this year, is understood to BHRA has done an initial study want to privatise more of its six of the Scottish laboratory, national laboratories, including assisted by Coopers & Lybrand, Warren Spring, a process technolities accountant, which has also ogy laboratory in Hertfordshire. been advisin it has also commissioned from ment buy-out.

rates to control the rate of expan-

The deregulation of the finan-

Liverpool Research Group.

NEL has a poor record for transferring its technology to industry, and an ageing staff.

The approach for NEL has

for restructuring.

In the case of Rover, the DTI agreed to a once-for-all payment of £5.7m.

Mr Ian Cooper, its director, says it is owned by a consortium of Epitich companies with inter-

approved in Brussels.

In the case of NEL, the basis buy-out later this year.

Mork for government has government support for a fixed perhaps live years.

Work for government has fallen from 40 per cent in the early 1980s to 28 per cent last

With DTI encouragement. been advising on the manage-

Coopers & Lybrand, the accountaint and management consultants and managemen Coopers & Lybrand, the accoun-

Professor calls for rise in interest rates

THE GOVERNMENT should not Minford says in Liverpool's quar- exchange rate forced the closure

take risks with inflation and terly bulletin.

or contraction of many busishould therefore raise interest

However M0, the narrow meanesses, but if inflation is to be

sion of the monetary base, says the Treasury still targets, is look is encouraging, then Britain Professor Patrick Minford of the growing too fast, he says. It is needs a further increase in inter-

The deregulation of the finan-with the Treasury's target range

"If the exchange rate apprecial system has made figures on of 1 per cent to 5 per cent."

The deregulation of the finan-with the Treasury's target range

ates as a consequence of a furciedit growth irrelevant and in Prof Minford warns that ther tightening, then so be it; this

credit growth irrelevant and in any event they do not signal any Britain does not need a repetition is not the time to run inflation overheating of the economy, Prof of the early 1980s, when a strong risks," he says.

growing at 6 per cent, compared est rate

sure of money and the one which controlled, and he says the out-

for easing of rule on mergers

Lloyds calls

By Patrick Daniel

The study found several areas that overlapped and competed

Mr Ian Preston, deputy chair-man of the South of Scotland

Electricity Board and chairman of BHRA's governing council, said he believed Scotland would welcome the bid for NEL as a

way of preserving a research cen-tre the Government might other-

uty chairman and former chief scientific adviser to the Ministry

of Defence, said the aim was to

build a major private-sector cen-tre of fluid engineering research

and technology. It may also try to acquire some of the maritime

engineering facilities of the Admiralty Research Establish-

ment, one of six defence research

Sir Ronald Mason, BHRA's dep-

MERGERS and takeovers should be referred to the Monopolies and Mergers Commission only if they result in a company capturing more than 50 per cent of the UK market, Lloyds Bank says in its June economic bulletin.

Joining the calls for integration of competition laws in Europe, Mr Christopher Johnson, the bank's chief economic adviser, argues that the current "trigger point" of 30 per cent is clearly inconsistent with that of the European

Under EC laws, a monopolies order of the cases a monopoles investigation can be made if a company ends up with more than 25 per cent of the combined EC market. But since the UK accounts for about 12 per cent of the EC market, Mr Johnson's view is that the UK level for merger investigations can rise to 50 per cent while the EC level is lowered to 10

However, he warns that European competition laws should guard against take-overs based on the argument that a larger market justified a arger company size.

"It is the extra size of the market which gives the possi-bility of efficiency gains, rather than ever-increasing firm size...What is not required is only three or four competitors in the whole EC, since the market is big enough to support about a dozen or so major firms in most sectors,

Mr Johnson adds that he believes full UK membership of the European Monetary Sys-tem is a necessary condition for European financial integraSimon Holberton finds exporters divided about the strong pound

Chewing over sterling fluctuations

to the point "Pound bites doe". A manufacturer of toys and acces sories for pets - lookalike Mar-garet Thatcher and Ronald Reagan rubber chews for dogs - had been put out of business because of the pound's strength against

The report of the demise of Happy Pet Products, of South-Nottinghamshire, came on Friday, the day the pound closed at its lowest level against the dol-lar and the D-Mark since March. It underlines the problems some of Britain's small busi-nesses are having and lends support to the claims made a week ago by the Confederation of Brit-ish Industry that the exchange rate is hurting small business.

Whether this pain is a symp-tom of a terminal illness is, however, far from certain. Generali ations about small business in Britain in the late 1980s are difficult. For as many who say exchange rates matter, there is an equal number who say they However, one thing is certain:

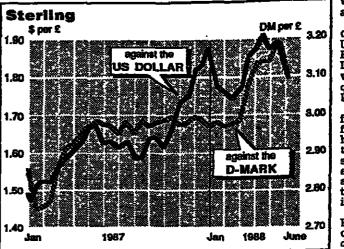
the exchange rate, and therefore the cost to business of competing abroad, has risen significantly. Even after last week's dramatic slide in sterling, by the close of business on Friday the pound was nearly 10 per cent higher against the dollar than its aver-

age in 1987 and 5.5 per cent higher against the D-Mark. The CBI says it will publish soon the results of a survey of small business showing that current exchange rates are the main problem small companies face

when trying to export.

This would appear to conflict
with the findings of a report on
small business and exporting prepared for the British Overse Trade Board in April last year by Graham Bannock and Partners, a London-based consultancy.

In the published, and abbrevi-ated, version of the report exchange rates barely get a men-tion. In a profile of attitudes,



breaking small exporters down into the successful and less successful, exchange rates come half-way down the list of "less

important issues."
The successful exporter is said to accept that exchange rates are determined by the market. The company quotes in foreign cur-rency where the customer requires it and utilises currency

hedging if necessary.

The less successful exporter is described as one who has inflexible attitudes, tries to price product at UK levels plus freight and worries about exchange rates.

In the longer, but unpublished version, Mr Bannock says: "We would argue that the influence of and the importance of quality,

design and service neglected."

An informal FT survey of small As 2.55 a kine we can have a large and informal FT survey of small tremendous market but at \$3.20 it pound is all important. According to him that value is about \$1.65 and to support his views. Some manufacturers are in the fortunate position of selling into marantee position o kets which are relatively price insensitive, or their margins are owner of Acme Marls of Stoke-

lems if they are supplying pricesensitive mass markets. There a
movement in the pound/dollar
rate, such as has occurred over
the past year, is enough to price
them out of the market.

Mr John Cochrane is chairman Small manufacturers face prob-

them out of the market. Mr John Cochrane is chairman

rates. It is also sold through cata movements himself. logues and prices tend to be For other manufacturers, such

which ceramics sit in a kiln — and turns over about £4m a year. Acme Marls exports about half of its production, mainly to the US and Europe but also to the Far East. In these markets, Mr

Far East. In these markets, Mr
Lovatt says, the company does
well because it makes higher
quality products than many of its
US and Continental competitors.
"We have found that demand
for our products is strong. The
first question we are asked is
how quick can you deliver and
then how much does it cost," he
says "In our market our customsays. In our market our customers are interest in quality, design,

ers are interest in quanty, cestin, ability to supply, and price in that order. We have in fact increased our prices recently."

A similar tale is told by Mr Harry Norris, managing director of Optical Activity, of Huntingdon, Cambridgeshire. He makes instruments to measure the organic content of solutions and organic content of solutions and

of Cochranes of Oxford which just price.

exports to both types of markets.

His company has a turnover of on \$1.65 to the pound and he has about \$2500,000 and exports educational scientific equipment and kites to the US and Europe.

The educational equipment is to the pound he has been prefairly impervious to exchange rates it is also sold through exta-

wersion, Mr Bannock says: "We struck on a yearly basis. His as Mr Terence Libby, managing would argue that the influence of kites, on the other hand, are sold director of Morrisflex, of Covenexchange rates upon exporters through high street stores in the try, whose machine tools combas been overstated in the past. US and sales success is wholly ers in Latin America and the Far dependent on price.

At \$2.95 a kite we can have a East, the "correct" value of the

in anything and that goes for forhealthy enough to bear some on Trent, exchange rates seem eign exchange markets. I am pre-trimming to maintain their posi-irrelevant. His company makes pared to live with fluctuations as tion in their chosen market.

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vet another price barrier - and open up a world of business communications with Telecom Gold electronic mail. Using Amstrad's MC 2400 gives you instant access to Telecom Gold - the system which combines all the speed of

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Spanish air traffic controllers' action delays holiday flights

daymakers were delayed for up a record 14.5m holidays, up 15.6 waiting. to 18 hours at UK and foreign per cent on last year and potenairports over the weekend as a result of further action by Spanish air traffic controllers who to resolve flight bottlenecks. The limited flights through their air UK controls are similar to those hours.

and is expected to worsen as the

control to reduce the number of aircraft in airspace covered by Barcelona air traffic control.

Hamleys closes five out of six

HAMLEYS, the toy shop chain, is to close five of its six regional stores as part of a reorganisation. Branches in Bath, York, Newcastle, Harrow and Kingston, all opened within the last four years, will shut. This will leave Shef-field as the only regional outlet. Shops in Luton and Croydon have already been closed.

regional shops

Financial Times Reporter

Mr Bob Brown, Hamleys man-aging director, said: "Our expan-sion out of London has not proved very successful."

Losses of £2.66m at Hamleys in the last financial year contributed to a sharp drop in the profits of Harris Queensway, the furnishing group which bought Hamleys for £30m two years ago.

About 100 staff affected by the closures will be offered jobs with Harris Queensway. Hamleys' operations will continue to be centred at its headquarters in Regent Street, London.

Survey tracks home movers

PEOPLE moving home in England move an average dis-tance of 47 miles, Savilis, the estate agent, said in a survey

published yesterday.
The average distance of a move in Scotland is 133 miles because a large percentage of home movers are foreign buyers and expatriate
Scots returning home.
Prices in London continue to
rise sharply and a large town

house on a 45-year lease in central London costs at least £21/m.

MANY THOUSANDS of UK holi- Civil Aviation Authority to offer about 1,500 passengers were still

hy the IIK Civil Aviation Author

space.

This has emerged as a serious problem, especially for the UK

imposed in Europe for many the Spanish areas affected include mainland Spain, the Balunofficial and it is likely to comearic Islands (including Majorca) charter airlines in recent weeks, pound the delays already forecast and the Canary Islands as well as traffic volume moves towards its ity as a result of UK flow control. ish air space towards other desti-

traffic volume moves towards its summer peak.

The Spanish controllers commations.

The increasing delays involving Spanish air traffic controllers come only days after controllers come only days after controllers in the UK, France and West Caraman sought co-ordinated action caused aircraft to remain on the to resolve air traffic bottlenecks around in Reitain and delayed throughout Europe

The Spanish controllers have ground in Britain and delayed throughout Europe.

been regularly introducing flow departures from Majorca.

Mr Keith Mack, controller of Airport lounges in Britain were the UK National Air Traffic Sercrowded with passengers unable vices and director-general desig-to join flights throughout the day nate of the European air traffic Barcelona air traffic control. To join flights throughout the day and at Gaiwick some departures and at Gaiwick some departu

Howe rejects rumours of

rift with Prime Minister

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

rey's remarks, coming when Mrs Thatcher was in disagreement

SIR GEOFFREY HOWE, Foreign seen as a sign of growing tensecretary, yesterday made his sions between the Foreign Secretary public response to mounting speculation about his future, claiming that reports of his political death were "greatly exagger ated."

Sir Geoffrey's relationship with Mrs Thatcher has come in for in the prime Minister on economic policy and then on which were taken to suggest she did not see her successor coming which the Prime Minister's "trefrom within the party's existing mendous experience and out-

did not see her successor coming from which the party's existing hierarchy.

Suggestions of a rift, which could lead to Sir Geoffrey being moved in the next Cabinet reshuffle, were fuelled when he endorsed early British entry into the European Monetary System, something which Mrs Thatcher does not favour.

which the Prime Minister's "tremendous experience and outstanding international personality" had played a key role.

Asked if he would expect a backbench revolt if he were sacked. Sir Geoffrey replied: "I do not think we are in that kind of territory. Like many politicians, reports of my death have been the European Monetary System, something which Mrs Thatcher does not favour.

It was the timing of Sir Geoff.

The control of think we are in that kind of territory. Like many politicians, reports of my death have been greatly exaggerated."

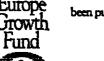
He acknowledged there were Thatcher was in disagreement bound to be occasions when peo-with Mr Nigel Lawson, Chancel-ple put a different emphasis on lor of the Exchequer, over various issues. That did not exchange rate policy, which was mean the partnership was over.

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ALLIED LYONS

Lawson says tax reforms are vital for British economic renaissance

INCOME TAX reductions have become part of "the new interna-tional consensus of the 1980s," says Mr Nigel Lawson, Chancel-lor of the Exchequer, in a pamphlet published today.

In a comprehensive review of the Government's taxation policy. Mr Lawson argues that its reforms are about changing the very culture" of Britain. He says tax reform is an essential instru-ment for improving the perfor-mance of the economy and has played "a critically important part in Britain's economic renals-

The pamphlet, published by the Conservative Political Centre, a party think tank, contains the first overview of taxation policy written by Mr Lawson since he became Chancellor.

Mr Lawson says other countries are following tax policies similar to Britain's. In particular, similar to Britain's. In particular, income tax rates are being cut in the US, Canada, Japan and New Zealand. He says the burden of which most people will regard as income tax in Britain has shifted from the great bulk of the population to the better-off. In the lind year of the last Labour government, the top 5 per cent of taxpayers shouldered 24 per cent of total income tax payments; in the current financial year — in spite of top rate tax cuts — they



spite of top rate tax cuts — they will bear 28 per cent.

"We have now brought the top "Everyone — or almost every- which marked the end, at long "Long the content of the

proper role of macro-economic married women," he says, policy is to keep downward pressure on inflation and to maintain

private sector can expand."

Mr Lawson says the Government's objectives have been to leave people with more of their own money and to reduce marginal tax rates so that it is worth more of the property of the property of British families pay more in tax and national insurance contributions than own money and to reduce marginal tax rates so that it is worth the property of the prop

national insurance as a proportin parliamentary answers, said tion of national income have the average family would this risen since 1979 but says the burden is now better distributed. He argues that taxes on companies

have been shifted away from employment to profits, while taxes on individuals have been Looking to the next decade, Mr
Lawson says planned changes to
the tax system that will allow
husbands and wives to be taxed
independently will enhance further "the acceptability" of the tax
system.

"We may well come to look
been weeth an ome to look
been weeth an owners \$20,000 a.

back on the 1988 Budget not only as the one which finally marked

Record. Conservative Political Centre, 32 Smith Square, London

ment's objectives have been to be pay more in tax and national leave people with more of their own money and to reduce marginal tax rates so that it is worth working for an extra pound of profit or earnings.

It has also sought to ensure that people's choices are distorted as little as possible.

He admits that taxes and national insurance as a prepare to the pay more in tax and national insurance as a prepare to the pay more in tax and national insurance as a prepare to the pay more in tax and national insurance as a prepare to the pay more in tax and national insurance as and national insurance contributions than they did in 1979, in spite of subsequent cuts in income tax rates, we give the contributions than they did in 1979, in spite of subsequent cuts in income tax rates, we give the contributions than they did in 1979, in spite of subsequent cuts in income tax rates, we give the contributions that the pay did in 1979, in spite of subsequent cuts in income tax rates, we give the contributions that and income tax rates, we give the contributions that and income tax rates, we give the contributions that and income tax rates, we give the contributions that and the contributions that tax rates are discontingly to the contributions that tax rates are discontingly to the contribution that tax rates are discontingly the contribution that tax rates are discontingly that tax rates ar

year pay 36.9 per cent of its total income in taxes and contributions, against 35.6 per cent in 1979. The average earner, he added

taxes on individuals have been was now paying £41 a week in transferred from income to spending.

was now paying £41 a week in transferred from income tax, £32 in national insurance contributions and £32 a

'We may well come to look been worth an average \$20,000 a year and the share of income paid in taxes had fallen by anything between 10 per cent and 40

Short Bros wins orders for aircraft parts in US

SHORT BROTHERS, the Belfast erospace group, has won work worth between £25m and £40m as a result of recent big orders from US and other airlines for Boeing airliners and for Rolls-Royce jet

More than 200 Bosing 757, 737 and 747 airliners worth several billion dollars collectively have been ordered by US and UK airlines and by the US-based International Lease Finance Corporational Lease Finance Corporations of the collective of the c tion. Short's share of these deals will include work on inboard trailing-edge wing-flaps for the Boeing 757, undercarriage doors for 747s and rudders for the 737s. In addition, Short will share

orders for Rolls-Royce RB-211-535 engine mountings and casings for the 50 firm and 50 optioned 757s for American Airlines, and possiby also for RB-211-524s for the Boeing 747-400s ordered by ILFC.

Mr Roy McNulty, managing director of Short, said the company's work on airframe parts had been inconspicuous. But with forecast aircraft demand will further strengthen the north of Fredand's autonomy in profesindicating strong growth, con-tracts with Boeing and Rolls-Royce demonstrated the The new firm, Weightman Rolls-Royce demonstrated the benefits of applying their expertise in making and designing complete aircraft to production of high-technology components.

The new firm, Weightman Rutherfords, combines Weightmans' shipping, litigation, insurance and rapidly growing professional indemnity business with

Compact disc player sales soar

about 38 per cent on 1986, puts compact discs alongside video cassette recorders and colour cassette recorders and colour to tar short of 1m., with a retail televisions as one of the most successful products ever in the household electronics industry. It also adds to the UK's deficit in consumer electronics at a time when the Government's policy of the Netherlands, with about 20 encouraging inward investment from Japan was beginning to a solution of the market, and Sony of Japan with 12 per cent All the

THE UK market for compact disc players soared to almost 1m units last year, comfortably replacing the video cassette recorder market as the fastest-growing sector of consumer electronic sales.

The sharp rise in demand, up about 38 per cent on 1986, puts compact discs alongside video cassette recorders and colour consumer electronic sales.

The sharp rise in demand, up about 38 per cent on 1986, puts compact discs alongside video cassette recorders and colour consumer electronic sales.

The sharp rise in demand, up about 38 per cent on 1986, puts compact discs alongside video cassette recorders and colour contains trade shipments of sepa-rate players amounted to 737,000 in 1986.

Estimates of combination the BIS of Thorn EMT's Ferguson subsidiary to Thorn Son of France, the rise in the production from Japanese-owned plants in the UK pushed units, taking the total market to units 250,000 more than imports.

For consumer electronics players amounted to 737,000 in 1986.

Estimates of combination the fact that all British-owned TV manufacturing to the fact that all British-owned TV manufacturing t

value of approximately 2220m. For consumer electronics pro-Virtually all of these products ducers, the upturn in CD player were imported. There are no UK sales coincides fortuitously with stagnation in the video cassette

recorder sector According to the association, VCR shipments rose by only 2.2 when the Government's policy of encouraging inward investment from Japan was beginning to reduce the imbalance in other electronic products.

Sales figures take into account both stand-alone CD players and combination units included in music centres. According to the married, and Sony of Japan with 12 per cent. All the other leading companies are Japanese and of these only Alwa manufactures in the UK.

The surge in CD player imports comes at a time when UK-based music centres. According to the association, vCR shipments rose by only 22 per cent in 1987 against 30 per cent in the UK.

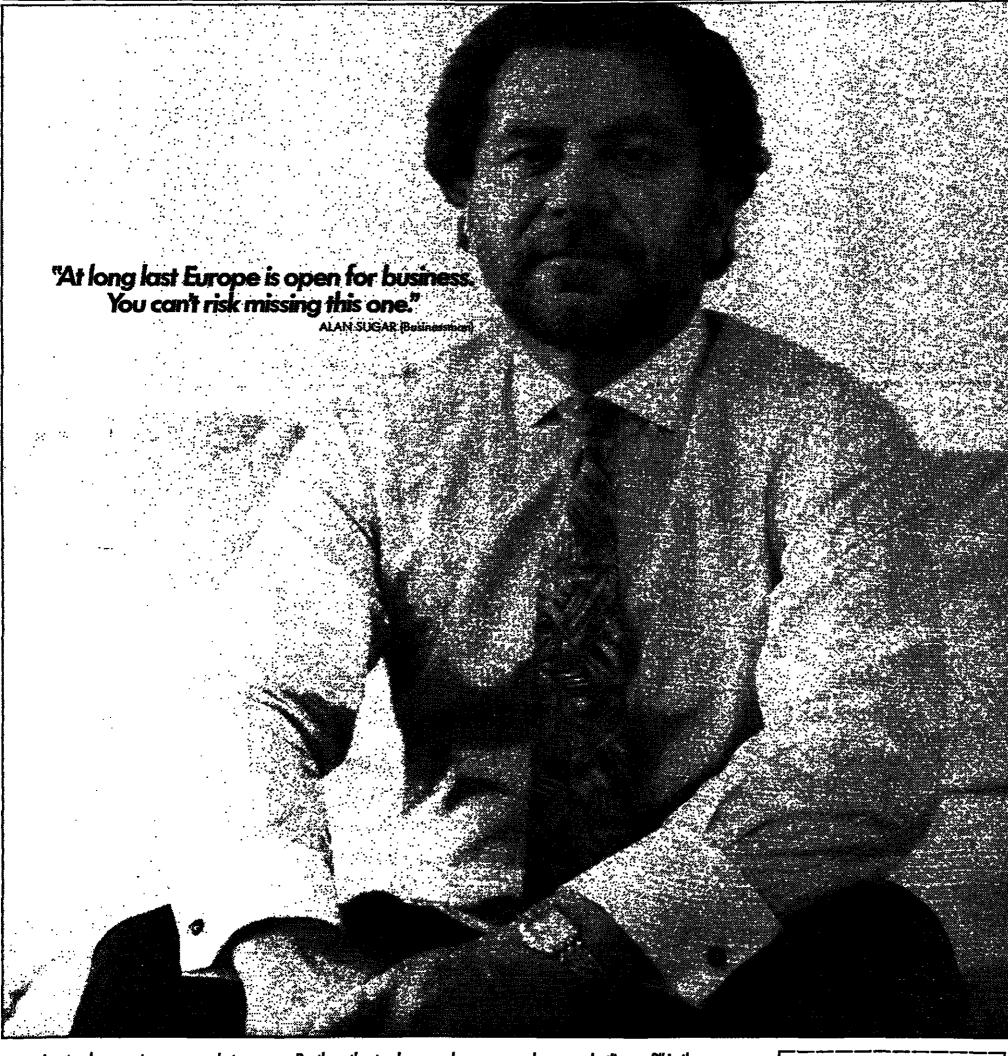
The surge in CD player imports comes at a time when UK-based television manufacturers have television manufacturers have managed to break into trade surgeing to the association, vCR shipments rose by only 22 per cent in 1987 against 30 per cent in 198

Two Liverpool firms of solicitors merge BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

TWO OF Liverpool's oldest firms of solicitors — each a specialist in particular commercial legal areas — have merged to create a while Rutherfords' expertise in employ-vice-chairman of the new practice, is a Liverpool FC director. The chairman of Weightmans' areas — have merged to create a while Rutherfords origins have

which Rutherfords acted for Yorkshire which have grown or many years. Mr Tony Ensor, merged recently.

been traced to 1829. Rutherfords has 22 partners, 11 Shipping, insurance and brew-other qualified solicitors and 130 ing remain major industries and staff. Coupled with its specialiemployers in the north-west, ties, this puts it in a similar although the practice's most league to about a dozen other famous client is a smaller business, Liverpool Football Chub, for side, Greater Manchester and



Amstrad computers are market leaders in several European Community countries.

But Alan Sugar is looking forward to 1992 when separate specifications and the need for different computers for each country will be just a memory.

By then the twelve member countries, including Britain, will be working together as a single market.

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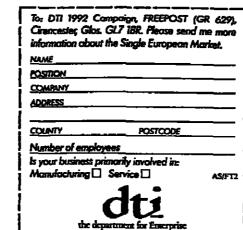
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APPOINTMENTS

Regional general manager for NatWest division

appointed a regional general appointed company secretary of manager in NATIONAL WEST- WESTERN MOTOR HOLDINGS.

MINSTER BANK'S domestic He was financial controller. region since January 1987, he joins Mr Hugh Jones and Mr Gordon Lane as head office-based regional general managers responsible for controlling the bank's new regional structure.

ADVANCED

DRINKMASTER, a subsidiary of Initial, has appointed Mr Lee Cummins as chairman. He replaces Mr Michael Walker, who is retiring but remains an executive director of Initial.

SUNLEIGH ELECTRONICS has appointed Mr John Martin to the main board. He is managing director of Powa Kaddy International which was acquired by Sunleigh last weer. Sunleigh last year.

WATTS, BLAKE, BEARNE & appointed Mr. Terry Miles as an CO., has appointed Dr Ingram associate director, international Lenton as deputy chairman. He department was chairman and managing

Mr Norman Robinson and Mr Peter Taylor have been appointed joint managing direc-tors of SHARP & LAW SHOPFIT-TERS. Mr Robinson was contracts and production director, and Mr Taylor was sales director. Mr Doug Thompson has been appointed contracts director.

GRAND METROPOLITAN has decided to structure its organisation according to its strategic
business sectors and has realigned board responsibilities as
follows: Mr G.J. Bull (drinks, Far
East advisory committee); Mr
LA. Martin (foods, hotels, North
American advisory responsibilities as
Mr David G. Tree has joined the American advisory committee); Mr C. Strowger (retailing and property, group finance and systems, European advisory com-mittee); Mr D.R. Tagg (betting and gaming, group services).

W.H. SMITH GROUP has appointed Mr David Roberts, managing director of W.H. Smith Retail, and Mr Nell Thomas, group deputy managing director, to the main board.

Mr Don Anderson has been Mr David Firth has been

ADVANCED PROCESSOR Mr James Hancocks as a director DESIGN has appointed Mr Ron J. West as managing director.

**Total Chilsmic Alexander and general manager responsible for the pigments businesses operated from the UK. He was works

in mar

4.71.

ALEXANDER STENHOUSE has

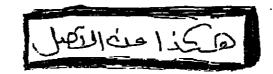
appointments: Mr Nick Jone comes managing director; he was legal systems division direc-tor. Mr Roger Miles Holland, the company's founder, relinquishes his post as chairman, but remains a director. Mr Jon Richards, formerly managing director, becomes chairman. He is on the board of parent company UEI, and chairman of Miles subsidiaries Pagitek and Databasix. Mr Donald Sullivan, president of

Mr David G. Tree has joined the board of HIGH-POINT SERVICES GROUP as a non-executive direc-tor. He is a director of SBCI Savory Milln's corporate finance department, where he specialises in the construction industry.

GIBBS HARTLEY COOPER, Lloyd's broking subsidiary of The Hongkong and Shanghai Banking Corporation, has appointed Mr Mike Bishop as joint managing AYH PARTNERSHIP has appointed Mr Michael Wright as director of its reinsurance division and Mr Keith Walker as a director. They will be joined by divisional director of project Mr Morkey Speed as a director on July 1. He was with Trafalgar House Developdirector of its reinsurance diviacquired by Willis Faber.



BARCEIONA: Saler Cebrol - BRÜXELLES: Verboogen - DÜSSELDORF: Winnipe - FIRENZE: Calusi, Cappini - FRANKFURT: Wempe - GENEVE: Chimento, Benois de Goraki, Cherune, R. Zinnalen - HAMBURG: Wempe - HONG KONG, Dickma, Sanny - LONDON: Garnard, Hillon, Jennalder, David Morrat, The Watch Gallers, Watches of Suntra-dand - MADRID: Montejo - MILANO: Finan, Cobbn, Verge - MONCHEN: Wempe - NEW YORK, Fred Winge - PARS: Frud, Winge - ROMA: Bedetti, Martini - SINGAPORE: The Hour Glass - TOKYO: Jenel Galley - VENEZIA: Salvadori - WTEN: Schullin - ZÜRICH: Barth, Galle, Metsper



Council uses new spending rules to cut energy bills

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The state of the s

Lancashire has become Britain's first local authority to sign an agreement under new sury guidelines which allow a contract energy management

properly and approved by local Mr James Hopkins confirms, is auditors, they are reckoned as that it solves the financing probrevenue contracts which do not

Because of the large initial cap- involves a capital commitment of may heatitate to replace ineffi-cient heating equipment. The contract energy management and Lancashire will receive an company solves this by finding a immediate positive cashflow.

by the management company, continue conservation efforts. which assumes the risk for the effectiveness of the scheme.

schemes, fearing that the man-agement company's capital agement contract. This was done

BRITAIN's energy management industry stands to receive a big boost if a contract recently more than disguised schemes to boost if a contract recently management of the sergings ground. signed by Lancashire County that part of the savings would Council sets a precedent for other local authorities. company. In guidelines issued late last year, the Treasury indicated that contracts could be considered as revenue contracts provided that management services

Call for

changes to

legislation

on supply

fail to resolve.

was the dominant element. company to provide capital Lancashire County Council, investment while guaranteeing a which has a total annual energy bill.

Lancashire County Council, which has a total annual energy bill of £14m, has signed a sevenreduced energy bill.

The arrangements are attractive because they promise to reduce energy bills without cutting into the authorities' capital tion for the council, as Lancashire county chief engineer lancashire chief engineer lanca lem. Lancashire, which has 2,500 run foul of spending limits buildings to manage, has an imposed by the Government. annual capital investment prorun foul of spending management.
imposed by the Government.
Contract energy management gramme of £300,000. The Inenco proposal to manage heating plant in a number of the buildings a canital commitment of

solution to the energy problem and financing the cost of new equipment. The savings in energy bills are split between the two parties for an agreed period, after which the equipment belongs to the council.

Innenco says it can cut the buildings' annual energy bill by at least 41 per cent from a starting base of £260,000. The first county and the remainder of an belongs to the council.

belongs to the council.

The agreement includes a technical and service component as well as a financing commitment thus retaining an incentive to by the management component as hich assumes the risk for the fectiveness of the scheme.

Up to now, local authorities four years of the contract.

have hesitated to enter such The novel aspect of the deal expenditure would be counted by means of a substantial service against their permissible spending limits, despite strong endorsement of the schemes by the Department of Energy.

The Treasury's concern has auditor who approved the service against their permissible spending management of the system. That was enough to satisfy the district auditor who approved the been that energy management scheme.

Madame Tussaud's 'most popular tourist venue'

and was the top tourist attraction toric properties, although the for the second year running, tourist authority says visits to Blackpool pl isnre beach was the

The number of visitors to dens, Cheshire; the Royal Botanic Britain's main tourist attractions Garden, Edinburgh; and Wisley rose 5 per cent last year to a Garden, Surrey.
record 147.5m, the authority says.
The British Museum was the record 147.5m, the authority says.

The British Museum was the most popular museum with 3.7m the second and third most popular most popular must be used by the National visitors, followed by the National size park in Staffordshire, and the Tower of London, both of Visits to tourist attractions 1987.

MADAME TUSSAUD'S, the London warworks museum, was the most popular tourist attraction in Britain last year, according to the British Tourist Authority.

A survey shows that the were theme or leisure parks museum had 2Am paying visitors Only four of the top 20 were his museum had 2Am paying visitors Only four of the top 20 were his

such sites were ab while name visitors. Madame Tuse Kew was Duthie Park Winter sand's is owned by Pearson, publisher of the Financial Times.

The number of wisitors was followed by Standley Winter to be provided by Standley Winte

Visits to tourist attractions 1987. which had more than 2m visitors. BTA Circulation Unit, 4 Bromells Blackpool Tower came fourth Rd, London SW4 OBJ. £6.00.



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Max Wilkinson on the continuing debate over how to regulate a privatised industry

Battle for commanding heights of electricity

CANNONS are being trundled out around the electricity industry in readiness for a battle over the powers of the regulator after privatisation in two years' time.

The battle, to be fought during

BRITAIN's antiquated legislation the summer and early autumn, is likely to have as decisive an governing electricity supply should undergo sweeping changes when the industry is privatised, says the Electricity Convatised, says the Electricity Contact of the summer and early autumn, is likely to have as decisive an influence on the industry's future as last year's struggle about how the state-owned ampire should be influence on the industry's future the state-owned empire should be sumers Council in a report pubbroken up for sale.
This is because the white paper lished today.

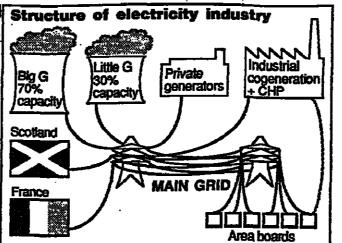
The report, part of the coun-

on the future of the industry in March only sketched out a struc-ture and left most of the imporcil's consultations with the Energy Department, calls for a new legal framework based on tant details for a later decision. clarity, consistency and fairness. Its recommendations include: However, in the consultations with senior figures in the indus- The new electricity distributry since March it has been tion companies must be required widely agreed that the office of regulation will be the command-ing height of the new privatised electricity service. to introduce effective procedures for handling complaints. The new director-general of

electricity supply must have powers to determine any complaints The powers given to the regula-tor will determine not just the that the distribution companies profitability of the 17 private Disconnections for debt should be unnecessary as the electricity companies, but most of the important relationships between them, the scope for out-side competition and the pattern companies should be required to supply for cash where they are

supply for cash where they are not prepared to supply on credit.

Mr Tony Boorman, the council's director designate, said the existence of 22 acts of Parliament existence of 22 acts of Parliament existing from 1882 did not reflect power stations and the national than preds of the electricity man, transmission grid is to be healed. the needs of the electricity mar-transmission grid, is to be broken into three parts. The largest, "Big ket in the late 20th century. into three parts. The largest, "Big Protecting the Customer, Priva- G", will own 70 per cent of the tisation Discussion Paper 7. Electricity Consumers Council, 2/16 nuclear plant. The remaining 30 Torrington Place, London WCIE per cent of power stations will be 7LL 25.



The transmission grid will be a separate non profit-making com-pany to be owned by 12 area dis-tribution companies. These will be the successors to the present area boards, which sell electricity to consumers. In Scotland the South of Scotland Electricity Board and the North of Scotland Hydroelectric Board will be sold

separately. The most important task of the regulator will be to "police" the contracts which the distribution companies will make for buying wholesale power. These could be with generating companies, industrial companies with surplus power ("co-generators"), in effect, that prices may rise by meet to draw up the first concombined heat and power X percentage points less than the schemes (CHP) or new indepenantual rate of inflation, plus any When the industry is privadent power companies.

make sure that these contracts do not result in excessively high prices for consumers. The battle now being joined is about how the regulator should

do this. Not surprisingly, most area board chairmen believe the regulator should be told to interfere as little as possible. They say

should carry the main risks of on could give the industry a per unexpected cost increases, per- verse incentive to build cheap haps from rising interest rates, a plant with high fuel costs.

ity consumers rather than their shareholders to pay most of these extra costs, and the generating companies are likely to support They can cite as a precedent the gas industry where annual price

The argument will come to rises are limited by the formula "RPI minus X plus Y". This says, ent power companies. increase in the cost of buying gas the regulator will have to from the North Sea.

tors than is the case for gas. Since electricity can be gener-

simple formula to limit annual to put distribution companies price rises like that applied to under the strongest discipline to make the best choice of plant. A Others, including some civil regulatory formula which servants, believe that the regulatory allowed all increases in generator will require the most detailed ing costs to be passed on to conpowers to inspect and perhaps sumers would not achieve this. disallow individual contracts.

The argument turns on who allowed all fuel costs to be passed

collapse of the pound or a sharp rise in world prices of coal and oil in dollar terms.

Another major difficulty is that boards in less prosperous regions believe they have less opportu-The area boards want electric nity for reducing their own costs compared with those serving

high growth areas. Proponents of strong regulacompanies are likely to support tion say that these difficulties them with some reservations. show that the regulator must be The argument will come to a head when representatives of the new companies and civil servants

tised each distribution company will be endowed with contracts The Government will face sev-eral difficulties, however, if it wants to apply the same formula put of a station). However, it wants to apply the same formula put of a station). However, it to electricity. The most important is that the cost of electricity of future increases (or savings) in the wholesale market reflects fuel costs should be passed on a much greater diversity of fac- from generators to distribution

companies by these contracts.

The options range from a very that the industry is in competition with gas and oil, at least in images, oil, coal or nuclear, with the heating market. They believe widely varying costs of productustomers can be protected by a tion, the Government will want fuel costs of each plant.

GLOBAL INTEGRATION OF JAPANESE MANAGEMENT

ADVERTISEMENT

Abreast of Market Trends

With market capitalisation of approximately \$27 billion and global revenues in 1986/1987 of some \$5.1 billion, Daiwa Securities Co. Ltd. today ranks among the world's largest securities firms. A leading member of the Tokyo Stock Exchange, it is a prime sponsor of foreign listings in Tokyo, and a market maker in Japanese equities and warrants internationally. In North America, Daiwa is a primary dealer in US government paper, while in London, Amsterdam, Hong Kong and Singapore banking subsidiaries complement its

Recent developments include the pioneering of the Euroyen commercial paper market, devising the innovative Daimyo (Samurai-Euroyen hybrid) concept for a ¥40 billion issue by the World Bank, and leading a \$125 million domestic offering for General Telephone of California—the first US domestic issue to be led by a Japanese securities house.

Makoto Kasui, Chairman of Daiwa Europe, discusses Daiwa's recent performance and outlines prospective future trends.

By Brian Robins

generate both substantial bond Robins: How are you finding world capital markets activity in market liquidity, and important the aftermath of last October's demand for attractive new issues. global downturn? and we identified triple A class Kasui: Business is much sovereign borrowers as major po-

healthier than it was at the end of 1987. Christmas was rather gloomy, but we have experienced a very significant recovery since February, broadly in line with Tokyo's upturn. At the same time, we have diversified our base, although trading in Japanese securities remains our most stable and reliable source of income. The net result is that, although the first four months of the current financial year were, to say the least, rather difficult, prospects for the year as a whole have greatly

Robins: Where is Daiwa currently strongest?

Kasui: Warrant-related issues are performing very well. Oversupply weakened the warrant market a little last summer, and the October crash compounded this problem. But October also taught some valuable lessons. Issuers and underwriters are now less aggressive than they were last year, and more concerned with the maintenance of a good, orderly market. Better management is consequently linking with reviving demand to generate renewed sector strength.

Robins: How do you see world market trends developing? Kasai: New York showed signs of recovering earlier this year, but has since fallen back, and I think we must remain very cautious—at least until after the presidential elections.

Japan on the other hand looks very strong, with a very favourable bond market supply and demand position. I am thinking here particularly of the Japanese government's decision to redeem \$16.3 trillion worth of bonds, of which some ¥10 trillion carry a coupon of 6.1 per cent at a time when Japanese bonds have been averaging 4.6 per cent.

> Quality names fuel yen bond growth

We realised that this must

tential beneficiaries. Good names, offering the same investment stability as the Japanese government together with a handsome yield differential, will henceforth spearhead our bond policy -indeed, we have already helped Austria raise a total of \$70 billion in two issues with maturities of 10 and 15 years at a fraction under six per cent, and followed through with a ¥50 billion seven year issue for Norway at just over five per cent.

Our research strength and excellent links with Japanese institutions have also enabled us recently to place more than ¥100 billion in seven per cent Bull-Bear bonds linked to Japanese government bond futures. We were particularly pleased to have been able to lead manage two such issues totalling ¥35 billion for British Petroleum, one of the prime corporate names in the world.

As a result of these and other related initiatives, Daiwa has already established itself this year as a clear leader in the Euroyen

Robins: What about international equity investment?

Kasni: Our brokerage business has also been picking up steadily since Tokyo began to recover, and foreign investors—who once held as much as 8.8 per cent of Japanese equities, and then remained steady net sellers for 3-1/2 years down to a four per cent low just after last October's crash-are starting to return. A general view that high values made Tokyo the world's most vulnerable market has now given way to an appreciation that Japan's economic strength in fact makes Tokyo the world's most resilient

Robins: What sectors are you recommending?

Kasui: Well, the Japanese economy is in fact so buoyant at the moment that virtually every sector has its attractions for investors. Consequently, it is timing which holds the key to investment

decisions in the Japanese market, rather than sector selection. Having said that, Japanese investors themselves have recently been tending to focus particularly on consumer durables and domestic growth-oriented market leaders, and thereby pushing prices to very high levels. However, Tokyo also offers many attractive second line issues with strong fundamentals and promising prospects.

Robins: What view do you take of London?

Kasni: London's fundamentals are very attractive—the political environment is stable, business is going well, sterling is strong. Consequently, we fully expect Japanese investment exposure in the London market to increase substantially in the coming months.

> M&A surge gathers strength

Robins: What about the acceleration of M&A interest by Japanese companies?

Kasna: One must remember

that Japanese corporate managers have tended up to now to avoid head-on culture clashes, preferring to buy land, build new facilities, and hire and train local workforces. rather than commit themselves to buying existing operations which may follow quite different business practices, and possess very different corporate cultures. Consequently, I think it may still be a little early to talk in terms of a major outflow, Nevertheless, Japanese companies are definitely taking more interest in cross-border corporate acquisitions these days, and we are watching this trend very closely. Certainly we are in an excellent position to introduce European companies targeting Pacific Basin markets or seeking capital, technical or management inputs to potential Japanese partners.

Robins: What plans do you have for your banking operation? Kasui: Daiwa Europe Bank is proving a great success. It began operations in March 1987, and earned a good profit in its first reporting period to September 1987. More recently, we have developed a strong capability in Swaps,



Mr. Mekoto Kasul, Chairman, Daiwa Europe Limited

the UK and internationally. In the longer term, we regard continued development of our banking operations as a key area of focus, not only to complement our existing operations in the London market. but as a major element in our global strategy of diversification.

Robins: You are waiting for a gilt dealing licence as well.

Kasui: We have successfully completed our discussions with the Bank of England and, subject to filling one or two more positions on the team, we hope to begin market making in gilts shortly. We feel that dealing in government paper in London will complement our existing operations dealing in government paper in Tokyo and New York.

Capital base boosted

Robins: Have you plenty of capital to finance all these plans? Kasui: Certainly, Daiwa Europe's paid up capital at the end of September totalled £35 million, and

our overall net worth was in the region of £100 million. We strengthened this base earlier this year with a subordinated loan of some £30 million that ranks as qualifying capital under The Securities Association rules, and we are considering further additions to our capital base which I expect will raise our total available capital resources to approximately £170 million in the near

Robins: What is your strategy for the future? Kasui: We have some clear

gaining experience of local markets, utilising local expertise, and then actively competing for local business. As part of this process, we plan to build our European centres in Belgium, France, Germany, Holland, Italy and Switzerland into much more autonomous units serving their own specialised market needs. Our cross-border capabilities will also be enhanced. Recently, we were asked for Deutschemarks by a customer, but encountered withholding tax problems. However, the Austrian schilling moves in a very stable relationship to the mark, so we were able to provide the money in schillings together with a swap arrangement instead. Localisation will enable us to build this type of cross-border business progressively as Europe moves towards 1992.

Robins: Do you see 1992 as a major opportunity?

Kasui: Very much so-a unified European market which rivals the size of Tokyo and New York clearly possesses enormous potential. It will of course also be a very challenging environment, but in a sense we Japanese are particularly well-placed to meet that challenge, since it is perhaps easier for us to consider Europe as a whole than our competitors from Britain, France, Germany and so on.

We are already looking at restructuring our European operations in order to be fully prepared for the new order, but here again we are determined to progress slowly and carefully, step by step. We are totally committed, longterm, to the European market, so we have no intention of rushing our plans.



Daiwa Securities Co. Ltd.

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When the familiar becomes strange even grotesque. How does the US Embassy explain these things to Washington, I can't help wonderlong? Thomas Jefferson would surely have enjoyed this problem, for it was he more than any of the cansured that the American any of the sunding fathers who cansured that the American the Enitish system delivers and be producted in an effort to get ensured that the American the Enitish that it motion of democracy would be so different from the British that it would invariably produce define ent answers to similar questions. The difficulty, and the fascination, of crossing the Atlantic lies and threatening by turns. The may produce democracy would be so american system may produce of may produce different from the British that it would invariably produce define any policy through and threatening by turns. The may produce different fan's the Chancellor about the exchange rate and the Prime Minister about excessive interpeople and businesses ought or people and businesses ought or they can service, but only a supervising authority can prevert lending from inflating of different tax regimes, which is also abockground feeling. Which Americans find quite incomprehensible, that high incomprehensible, that high interest rates are good for you, like symp of figs. It would never dream of the prime prices, the Chancellor about the exchange rate and the Prime Minister about excessive intervention. Policy is restlessly they can service, but only a supervising authority can prevent lending from inflating of different tax regimes, which is substitutes on the stoate or the trace in the US, where the states rate fevised in



ably quickly. It is not that there is anything unusual going on in Britain at the moment: most of the arguments – the poli tax, the EMS, house prices and the Green Belt, for example – had already been worked over during the wet summer of 1987. After a the water, can look a little like mere six months away, though, the once-familiar appears odd, Thatcher as a Red Queen bossing

The difficulty, and the fascina-tion, of crossing the Atlantic lies in understanding how these dif-

from London, seems cumbersome and perverse. Important issues disappear for months into an arcane system of committees and horse-trading and the answers that finally emerge often seem illogical, or corrupted to buy off regional interests. However, the British system, seen from across

wife, straightening and dusting. event. The Treasury worries about the "Credit control" has a differ-which money supply, the Bank of ent meaning in the US: it is not a The England about credit and house matter of orderly numbers, but trates

istration has so much difficulty in getting any policy through Congress that it tries instinctively to concentrate on a few big issues. British governments, even when they are headed by libertarians, can all too easily become busybodies with a policy and the Administration interferes — or even makes suggestions — at its peril. Fed polibecome busybodies with a policy for everything.

The present British dilemma over sterling offers a practical example. The UK authorities bustle about like a careful housewife, straightening and dusting.

"Credit control" has a differ-

grievances rather than lawsuits, which are at least settled.

Indeed, the American rule of in the city centre by owners to laws has not proved a very good need rent income to pay the tax.

way of regulating anything, from the result of no tax at all — a time of the result of no tax at all — a time of the result of no tax at all — a time of the result of no tax at all — a time of the result of no tax at all — a time of the result of no tax at all — a time of the result of no tax at all — a time of the result of no tax at all — a time of the result of no tax at all — a time of the result of no tax at all — a time of the result of no tax at all — a time of the result of no tax at all — a time of the result of no tax at all — a time of the result of no tax at all — a time of the result of no tax at all — a time of the result of no tax at all — a time of the result of no tax at all — a time of the result of no tax at all — a time of the result of no tax at all — a time of orous branch economies to show headquarters of leading-edge

For a journalist, though, the most striking discovery across a most striking discovery across gappy sprawl of development, the Atlantic is genuine open govleap-frogging sites held vacant exment and here I will not pre-by owners hoping for bigger tend to any kind of balance: the gains. Other policy choices are advantage is entirely with the also being field tested. Some Americans, and it seems to me states, for example, give top pri-important for practical as well as ority to low taxes and have vig-printed and the states of the states are shown in the freedom of information just that freedom of information for it. Others spend heavily on is protected under the Constitu-higher education and attract the tion; the division of powers tion; the division of powers assures the quality of that infor-mation, because decisions

The result, it seems to me, is that when the American system does achieve a big decision, it makes a much better job of it than one would expect in the UK. The US tax reform of 1986 is a good deal more radical than the combined effect of all Mr Lawson's budgets; but while Mr Lawson says he has finished the job. the Americans regard 1986 as a messy compromise and talk of going further next time. This surely has something to do with the fact that the original US Treasury paper on tax reform was far more intellectually impressive than anything any British government has felt

A UK government is concerned simply to explain what it has decided, a US government has to shift the deadweight of regional interests in Congress, which makes such a mess of routine decisions. It deploys high-calibre intellectual artillery to do this; my in-tray is full of challenging papers on issues that matter, written by officials who will explain and discuss them. That is something I shall miss horribly when I return for good.

INTERVIEW

Last of the old breed of Fleet Street press barons

Raymond Snoddy talks to Lord Rothermere, chairman of Britain's Associated Newspaper Group

were deeply interested in wield-ing political power, while to the thought out, poorly constructed first Lord Thomson a balance and mechanically he didn't have

The whole thing was an IIIthought-out performance from beginning to end. It would have sworth, third Viscount Rothermere, proprietor of the Daily Mail, Mail on Sunday and the London Evening Standard, Fleet

The whole thing was an IIIthought-out performance from beginning to end. It would have died anyway. The whole question was whether we could speed up his demise."

The whole thing was an IIIthought-out performance from beginning to end. It would have died anyway. The whole question was whether we could speed up his demise."

Lord Rothermere, 63, masterLord Rothermere, 63, masterLord Rothermere, 63, masterWarming to his theme, Lord to call it), appointed to call it), appointed to call it), appointed to call it), appointed to call it). London Evening Standard, Fleet Lord Rothermere, 63, master-Street's last genuine hereditary minded the spoiler himself on the rsnaper baron, seem to be the telephone from Tokyo, when sheer joy of running newspapers happened to be at the time. He combined with the mischievous now reigns alone and supreme sense of humour of a very large over the London evening newspa-

and slightly naughty schoolboy. More than a year after he dra-Fleet Street's classic "spoilers" to grave give Mr Robert Maxwell's London

"What gave me greatest plea-sure recently was the squashing of the Financial Times. of Bob Maxwell's Daily News - Mr Steven had suggested in a

sheet in the black was a better the means of getting it to the read than anything that appeared in his titles. The whole thing was an ill-

per market with the Standard, following the collapse of the matically revived the long dead Daily News and the return of the London Evening News in one of London Evening News to its

possible, the very mention of the culation war, Lord Romen and possible, the proprietor of Mirror streak of humour was displayed name of the proprietor of Mirror streak of humour was displayed just as publicly last month when Stewart Steven, editor of the Mail

attracted more attention from the Mail was collapsing into the arms

to be a form of utopian socialism descended directly from the Par-

Rothermere went on: "Who knows but that even the upright Mr Steven might have, one day, the seven-year itch, and a double page spread in the News of the World to look forward to."

At the Mail the letter caused consternation. The editor of a deeply conservative newspaper give Mr Robert Maxwell's London

If Robert Maxwell gave him the had been called a utopian socialpleasure of an old fashioned cirist by the proprietor. Was a
possible, the very mention of the
culation war, Lord Rothermere's
famous head about to roll?

Stewart Steven, realising that he was having his tail tweaked, found just the right tone and replied that the suggestion that Fleet Street editors occasionally got up to no good was an unwor-thy one.

"It is well known that all Fleet Street editors take a vow of chastity upon assuming office and a vow of poverty too," the editor of the Mail on Sunday concluded.

If Lord Bothermere's rare forays into the public domain can verge on the eccentric, there is nothing eccentric at all about the

Associated had pre-tax profits of inent in their own fields. That is feres with the content of his the Social Democratic Party.' I 3.7m on a turnover of £58.49m. the most pleasant and satisfying newspapers on a daily basis, but said go ahead, I think you're in 1987, group pre-tax profits achievement. Now the trick is neither is he an absentee land-

SOME newspaper proprietors that gave one enormous plea-have been mad, others bad. sure," he says.

Some, like Lord Beaverbrook, "His product was aimed at the wrong market. It was badly interested in wield- wrong market. It was badly complain too much if they when he took over, he says "the press than those not so fortunate.

Of the Express, the Evening News
Was losing I dread to tell you how many millions and, apart from the provincial newspapers which were always very strong, our

Warming to his theme, Lord to call it), appointed David English editor, a post ne still holds, and immediately chose Mr R. M. P. "Mick" Shields — a key figure until his death earlier this year - as managing director of Associated Newspapers.

It is a triumvirate which transformed the outlook for Associone daily morning newspaper in

'What gave me great pleasure was squashing

Bob Maxwell's London Daily News'

nothing eccentric at all about the performance of the Associated Newspaper Group in the 17 years since he took over as chairman from his father, the second Viscount, after a long and frustration with the middle market and we have get involved with them." His son Harold, a 20-year-old student, has most successful Sunday newspaper already spent a summer vacation working on one of the family's all and we have a great London provincial papers.

and spends only about a quarter may be in the world.

Things tend to happen at a of the year in the UK. "I live in He sees it as his ethical duty measured pace at Associated and to run good patriotic newspamajor acquisitions appear to be mon Market. I am not living in

tax exile," he insists.

As the scion of a newspaper dynasty founded by the inventor of popular journalism in Britain, his great uncle, the first Lord Northcliffe, Lord Rothermere says he was conscious of newspa-pers and politics as soon as he could walk. He worked in virtually every department of the fam-

any every department of the ram-ily firm, starting with the check-ing of the quality of postal bargains sold to readers.

"I can't remember ever want-ing to do anything else," he says in his cluttered London office. "What is more fun, more exciting than the newspaper business? There's always something happening. The tradition is to run good newspapers. I hope my son will like newspapers and want to get involved with them. His son Harold, a 20-year-old student, has

ing wait.

In the year ending March 1971,
Associated had pre-tax profits of inent in their own fields. That is feres with the content of his were 256.9m on a turnover of keeping them there," he says. lord. Staff say he is kept up to said: I think they're changing."

SSIM.

Lord Rothermere now travels date and his presence is felt in - and Lord Rothermere dissolves the world from his Paris home Carmelite Street wherever he into laughter once again.

pers which support the people of this country and support their interests." But isn't it Conserva-

tive governments that his news-

of a mathematical equation: grow."
"That's because our readers are all Conservative. They're middle class people and middle class people. ple tend to support Conservative governments because Conservative governments look after the interests of middle class people." Lord Rothermere says he was a supporter of Mrs Thatcher before she was elected leader because he recognised in her great leader-ship qualities and the ability to

stick to a course. But his papers, he argues, are not unremittingly Conservative, occasionally criticise Mrs Thatcher and even flirt with Harold, a 20-year-old student, has already spent a summer vacation working on one of the family's provincial papers.

Lord Rothermere may not be he sort of proprietor who interpretate and even first with other parties. "Stewart Steven came to me one day and said: All the young people in this country, the bulk of the under 35s, are sympathetic to the Social Democratic Party. I want to support

- and Lord Rothermere dissolves

against Lord Rothermere's principles. As Mr Derek Terrington, publishing analyst at stockbro-kers Phillips and Drew puts it: papers actually support? The idea seems to be to sow
The reply has all the certainty seeds and watch the plants

> • PERSONAL FILE 1925: Born Aug 25. Educated Elon and Kent School, Connecticut. 1948-50: Worked for Anglo-Canadian

1951: Joined Associated Newsp pers Ltd. From 1971: Chalman Ass Newspaper Group. Daily Mail relaunched as tabloid.

1982: Launched Mail on Sun From 1883: President, Com wealth Press Union.

The plants do not have to be forced because a family trust controls 49.95 per cent of the shares and a small personal stake held by Lord Rothermere himself keeps potential predators at bay. One of the seeds Lord Rothermere is contemplating sowing is a new down-market tabloid to take on The Star and the Daily

Mirror, which he believes are vul-

"The Sun, Mirror and Star that is the area where hig money is to be made. We are not in that side of the business. I've been thinking about it for years, but I think there is definitely room there for a good tabloid newspaper," says Lord Rothermere. When such a thing might happen he is not saying, except that it is unlikely before the move of Mail and Standard journalists to their new headquarters in Kensington and a new print plant at Lon-

don's Surrey Docks is completed at the end of this year. The next couple of years will be spent, Lord Rothermere says, developing the main newspaper business, both national and provincial, and expanding his chain of specialist legal newspapers in

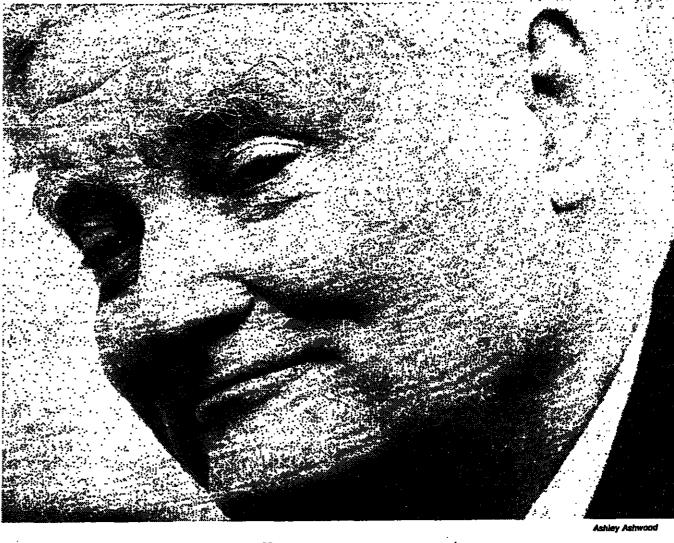
After 40 years in the newspaper business Lord Rothermere claims to relish the idea of retire-

"I want to spend the rest of my life living on a mountain top, skiing down it every morning and being carried up it every even-ing," he says with apparent seri-

Would he still telephone ever



The Institute of Marketing



day to see what the Daily Mail was leading with?

"Absolutely every day," promises the third Viscount Rother-

Hanging's place is in the legal history museum

After nearly a quarter of a cen-realists. tury of a penal code without the After four years of meticulous inflicted on convicted offenders death penalty, MPs will rehearse study of the evidence and the has a deterrent effect, the death the hoary arguments in a free arguments, he concluded that the penalty must have some. But the vote on an amendment to the reverse was true. Those who Criminal Justice Bill.

that are intellectually dubious. But while hangers and non-always been about deterrence. ment.

hangers alike display their gut Abolitionists have been berated The protagonists accuse each reactions, all the rational argu-throughout for their supposed other of dishonesty in the argu-

THE BATTLE lines will be drawn appointed chairman of the Royal commonsense. Even if most murings in the language of law and out him having to face a great for the unpteenth time in the Commission on capital punishmouse of Commons tomorrow ment in 1949, he declared that he family and are the product of between those who persistently had never given the subject materials. Some abolitionists, on the loss of senior managers. There is also the question of between those who persistently had never given the subject materials. favour the death penalty for mur-der, despite the trend in the civi-lised world to be rid of a barba-tionists were emotionally com-punishment must have some rous anachronism, and those who mitted to getting rid of an unci-resist the reintroduction of capi-vilised practice whereas the retentionists were hard-headed

Triminal Justice Bill. favoured the death penalty did so unique deterrent effect. In other The unending debate over from a gut reaction that the tak- words, is there some element in hanging is often characterised as ing of a human life deserved the the exaction of death that posa head on conflict between oppos-ing human values, largely based relevant arguments were on the above that of the alternative on the emotional origins of rival side of abolition. That was not to beliefs. The proponents for and say that many abolitionists did On this score the evidence of against the death penalty instince not seek to rationalise their emo-innumerable, almost unanimous, tively adopt their particular tional revulsion to the ultimate studies is that the death penalty stance and advance arguments penalty by dubious reasoning.

deterrent effect. The fact is that that is not the

abolitionists' argument. To the extent that any punishment penalty must have some. But the question is whether it has a sanction of life imprisonment? possesses no greater deterrent The central argument has effect than that of life imprison-

ments are on the side of the abo-litionists.

assertion that capital punishment over retribution. Since to ment had a negligible deterrent support retributary punishment when Sir Ernest Gowers, the effect. Such an assertion, it is is unashionable, the restorationdistinguished civil servant, was said, flies in the face of logic and lists dress up their vengeful feel-

stances. Other abolitionists do not deny that the death penalty may be imposed during war-time. Indeed the sixth protocol to the

But the overwhelming argurather than founded on principle. the ghoulish task. At the time of an earlier debate in Parliament, the prison governors, through their association, publicly declared themselves against the reintroduction and made it clear that many members would resign

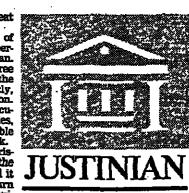
having to find someone to per-form the task of public hangman. Hanging requires a high degree of expertise to ensure that the condemned person dies instantly, European Convention of Human Since there has been no execuRights, while outlawing the tion for more than two decades, death penalty, does permit a
state to use it in times of emergency.

There are other problems arising from recent changes in the ments for not restoring the death criminal justice system. Would it penalty are severely practical, be acceptable for juries to return

majority verdicts in cases of capi The most compelling reason is tal murder? Or would it be neces-that hanging a man is nauseous sary, exceptionally, for the jury to those who have to undertake in a murder case to be unanitionists and so could block the from the prison service rather larly pertinent in the case of ter-than be forced to preside over a rorist trials in Northern Ireland.

verdict of capital murder.

The question would be particuhanging. The prison service presum trials of the worst killings are in contemporary Britain to the Home Secretary these days with



in a murder case to be unani-mous before the court could icy which is to retain the Diplock almost inevitably one or two juries would be likely to be abolitionists and as a could be abolitionists and as a could be abolitionists. exist in Northern Ireland and yet be available on the mainland.

The plain reality is that whether or not the public or parliamentarians like it the hang-



"I'VE LEFT **UMBRELLA** ATAXI."

To be fair, our American guest did give us a clue.

"It's a Mercedes," he told us. No kidding. Just like the other 999 taxis cruising the streets of Jerusalem.

In such circumstances, the majority of staff in the majority of hotels might, understandably, have offered sympathy and very little else.

Fortunately for the owner of the brolly, he was staying at the Sheraton.

And although the odds of finding a needle in a haystack were slightly shorter, this didn't deter our doorman.

To him, the lost umbrella came as a personal challenge.

With the chances of finding it slim by anyone's standards, he was on the case.

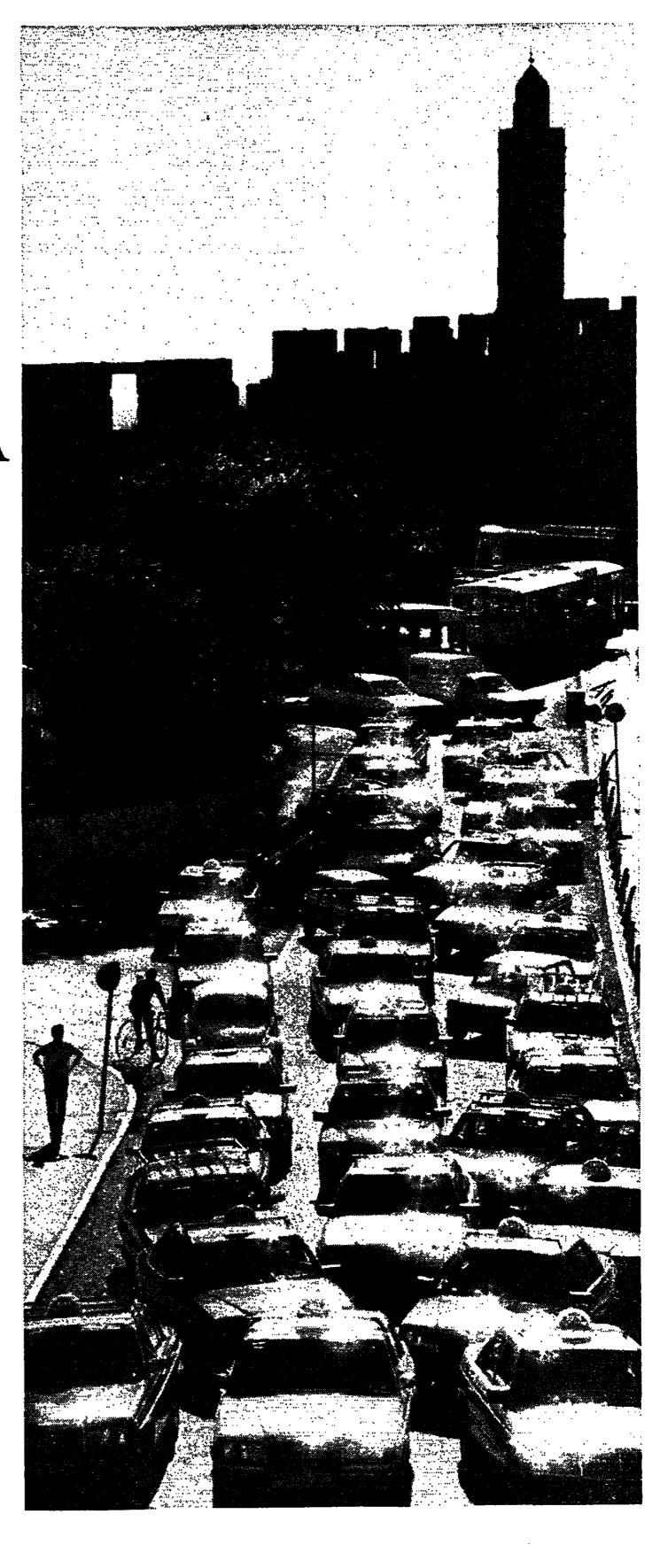
Two days later, the taxi was located and the brolly returned to its incredulous owner.

At Sheraton, we have a training programme for all our staff which aims to impress upon them our idea of service.

We've summed it up as 'Little things mean a lot.

It would appear that the doorman from the Jerusalem Sheraton, for one, has got the message.

For reservations or information on any of 500 hotels worldwide, contact your nearest Sheraton Hotel, Reservations Office, The hospitality people of or your travel agent.





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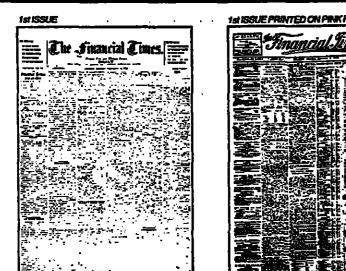


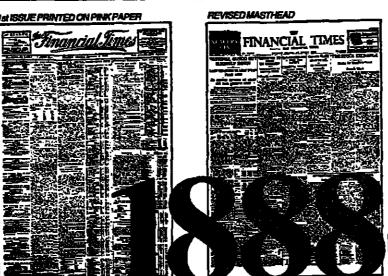
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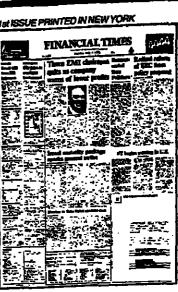
SHERATON











H II CONFERENCE CENTRE WESTMINSTER LONDON

7, 8 & 9 JULY, 1988

As part of its Centenary year, the Financial Times is pleased to announce Personal Investment 1988. An Exhibition for those seriously interested in investment, it will provide an opportunity for its readers to discuss their individual personal financial planning requirements and take part in the exciting programme of events that will contribute to this celebratory occasion.

Entry to the Exhibition costs 25 00 which includes a ticket

for you and aguest, a catalogue and the opportunity to visit the FT Centenary Photographic Display and a special show of paintings by the New English Art Club.

Those attending the Exhibition will also be able to register for any of the associated conferences, workshops and events listed below. At £10.00, the cost of each is attractively low but numbers are restricted and early booking is essential.

PROGRAMME OF EVENTS

Thursday, 7 July
10.00 - 13.15 OPENING CONFERENCE PROTECTION AND GROWTH Partner, Grant Thornton Author, Financial Planning for the Individual John Patterson Director, National Savings
Michael Pilich, CBE
Former Director, Noble Lowndes
Former Chairman, NAPF 14.00 - 17.15 PERSONAL FINANCIAL PLANNING AFTER THE 1988 BUDGET An overview of the income and capital changes in the most recent Lawson Budget and suggestions on the financial and investment decisions that follow.

Lord Bruce-Gardyne of Kirkden Former Economic Secretary to the Treasury David Stewart Senior Tax Partner, Deloite Haskins + Salis John Chown JF Chown & Co Hugh Blakeway Webb Tax Partner, Delotte Haskins + Sels 18.00 – 20.30 PERSONAL PENSIONS
A subject of immediate importance to men and women in employment as the new pensions regime takes effect in July. An authoritative penel looks at the risks and possible rewards of leaving employer-run schemes.

Dryden Gilling-Smith
Managing Director, EBS Management
Maurice Oldfield
Former President, NAPF
Group Pensions Executive, Allied Lyons
Robert Ashurest Robert Ashurst Pariner, R Watson & Sons An Insurance Company speaker to be announced 18.00 - 19.30 INVESTING IN GOLD

Should gold play a bigger part in the portfolios of British investors? A distinguished partiel will arrawer the question and discuss how to proceed.

Robert Guy

Director, N M Rothschild & Sons Julian Baring
Gold Specialist, James Capel
Anthony Garrett
Deputy Master & Comptroller, The Royal Mint

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14.00 - 17.15 An examination	ALIER	KATIYE,	MAF2	WEN 12	•	
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by Sotheby's di	rectors, chair	ed by one (is the princ	ADERICOLINIDA	utors to the	BBC Antiques
Road Show.						
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		David E		,		
		David 8				
18.00 ~ 19.30	SOTHE	BY'S WI	NE TAS	STING		
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Numbers are in	mited and ea	dy application	on is esser	ntial.		
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David Molyneux-Berry MW Head of Sotheby's Wine Department

Introduced by: Edimund Penning - Rown FT Wine Correspondent

17.00~18.30 REVIEWERS' EVENING
Offered on a complimentary basis to a limited number of readers, this distinguished panel will be chained by the FT Literary Editor. Contributors: Tony Curtis Francis King Rachel Billington

Saturday,	9 July
10.00-13.00	CAPITAL PROTECTION AND GROWTH FOR
(THE YOUNGER INVESTOR
Designed for n	nen arkt women planning an investment strategy for the longer term.
	Richard Lambert Deputy Editor, Financial Times
	David Battie
1 Villa	Director, Sotheby's
1 70	John Brennan
J.5 *	FT Property Correspondent Hugh Liewelyn
	Bailey Shatkin
144	Speaker on Personal Pensions to be announced
14.00-17.15	INTRODUCTION TO INVESTMENT
The Stock Exc	hange and its three markets, unit linked investments, high street
developments	and investor protection are among the subjects to be covered.
1	John Edwards Personal Finance Editor, Financial Times
i	Mark Boléat
	Director-General, Building Societies Association
1	Daniel O'Shea Director, M.&. G Investment Management
ì	Author, 'Investing for Beginners'
f	lan Morison
1	Group Corporate Affáirs Director, Midfand Bank
Į.	Colin Chapman Editor, Financial Adviser
	Speaker from The Stock Exchange invited
14.30-17.00	"HOW TO SPENDIT"
1 ,400,-17,00	An alternoon with:
	Lucia van der Post
	(with a lot of help from Harrods).
11.00-12.30	TASTING OF PINK CHAMPAGNE Two tutored tastings of pink champagne with sperkting examples from
17-00-19-00)	leading houses.
[Tutor: Robert Joseph
i	Publishing Editor, Wine' Magazine
	EVENING CRUISE TO GREENWICH AND
R July	SYMPHONY CONCERT
4	A limited number of tickets are available, at 620 (Meach, for a boot him.
	A limited number of tickets are available, at \$20.00 each, for a boat trip from Westminster to Greenwich for a symphony concert by the NCOS
ſ	Symphony Orchestra with Anna Stelger as soloist and with the German conductor Volker Wangenheim.
Prog	ramme: Wagner Överture Rienzi
1	R Strauss Oboe Concerto Soloist: Donovan Rhius
)	Dvořák Song to the Moon and Rusalka Bizet Carmen: Suite and Michael's Aria
j .	Granados The Lover and the Nightingale from
}	Goyescas Mussorosky arr. Ravel Pictures at an Exhibition
The N	lational Centre for Orchestral Sturfes has been formulable and
g mer	and the NCOS is moving into its new home in Greenwich Borough
Mali. I	Return transport is provided.

A FINANCIAL TIMES CENTENARY EVENT GROUP SPONSOR: Midland Bank plc ASSOCIATE SPONSOR: The Royal Bank of Scotland plc

TICKET APPLICATION I/we shall attend the Personal Invection (Please enter the number of tickets of the the number of tickets of the	stment Exhibition and wish to regist required in the boxes below;	FRIDAY, 8 JULY CAPITAL PROTECTIO DIRECTORS & SENIC WORKSHOP FOR E ALTERNATIVE INVEX SOTHEBY'S WINE TA REVIEWERS' EVENIN	ON & GROWTH FOR OR EXECUTIVES EXPATRIATES ITMENTS STING	☐@ £10.00 = £ ☐@ £10.00 = £ ☐@ £10.00 = £ ☐@ £10.00 = £ ☐ FREE SUB TOTAL	SATURDAY, 9 JULY CAPITAL PROTECTION & GROWTH FOR THE YOUNGER INVESTOR INTRODUCTION TO INVESTMENT HOW TO SPEND IT* TASTING OF PINK CHAMPAGNE 11:00 OR 14:00 EVENING CRUISE AND SYMPHONY CONCERT PLUS EXHIBITION ENTRY	E □@£10.00 = £
PERSONAL E INVESTIMIENT	ALL TICKETS AND CORRESPONDENCE WILL BE SENT TO (BLOCK CAPITALS please) Name Address	TO THE MAIN APPLICANT	Name of Guest		Methods of Payment A cheque for £ is enclosed Financial Times Limited Please debit my	d made payable to
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FINANCIAL TIMES



opportunities

The glamour of the Riviera is only part of the picture. In the past few years, southern France has modernised

its economic base and transformed its image. This four-page survey by Paul Betts looks at a region which now faces new challenges and

Sunbelt at a crossroads

THE SOUTH of France seems to be following the Californian model. Long associated with the image of sun, sea and sex, it is now starting to acquire the allure of a high-tech economic sumbelt.

From Nice and the tiny principality of Monaco to Marseilles has in is clouded, two major international oil groups, and west to Montrellier and Top.

Shell and BP, have recently

pality of Monaco to Marseilles major international oil groups, and west to Montpellier and Tonlouse, new high technology enterprises and science parks have in the area. Atlantic Richfield, been mushrooming during the large Californian-based oil last few years. With them have come a score of new service industries which have helped to produce additive for the new market for lead-free parts. diversify and broaden the eco-nomic base of southern France.

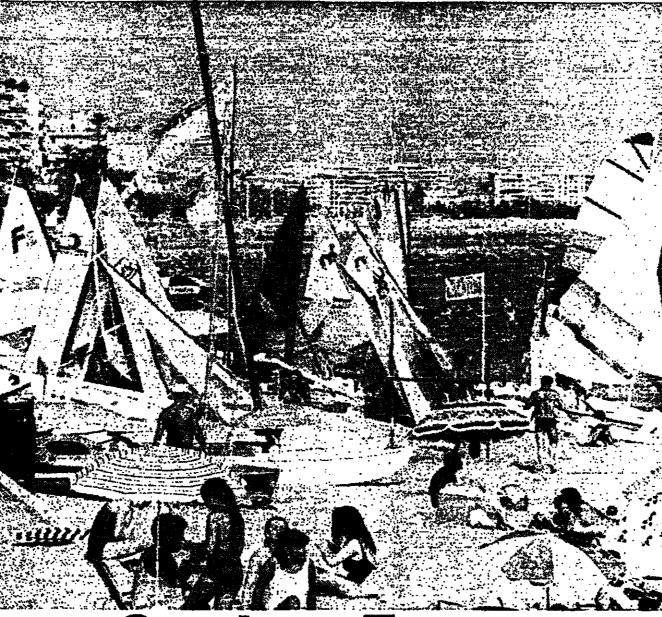
The traditional economic secIf the local textile and food pro-

tors of this large region have also cessing industries have also suf-been undergoing a profound, if at fered and the shipyards of La Cio-times painful, transformation. tat are closing down, the region Around Marseilles, where the has managed to diversify its bulk of the region's traditional economy into new service and industrial activities have long indus been centred, the steel and petro-declin chemical industries have had to tries. dapt to a changing and increasingly difficult international eco-

The French government's The American computer giant amhitious design in the 1970s — manufactures its large mainto create a major steel industry frame computers at Marseilles focused around Fos, near Marseilles and picked the area above Nice seilles - was never completed in for one of its most important tele-the face of the crisis which swept communications research facilithe European steel industry. But ties in Europe.
Fos today remains the most Other high tech companies important oil refining and petro- have emigrated to southern

industrial sectors to offset the decline of the traditional indus-

IBM was among the first to choose southern France for major industrial and research facilities.



Southern France AND THE

and Cannes has become the home of several major French and international groups. Aix-en-Provence is an important semiconductor centre. Marseilles is building its own science park to capitalise on the heavy concentration of national and private research laboratories in the area. Montpellier is developing an international reputation for agri-

cultural and medical research.

space capital of France.

while Toulouse has become the

Tourism and agriculture, two

France. The science park of of the traditional backbones of It has not been without pain as Sophia Antipolis between Nice the economy of southern France, the regular popular demonstrahave also been adapting and tions of anger and frustration of modernising themselves to the local wine growers continue changing economic circum- to illustrate in eloquent fashion.

> areas, wine growers have been able anguish in the region's agri-investing to improve the quality cultural community. But it has of their wine and have made a also provided them with a chalmajor effort to develop new lenge to accelerate the moderniexport markets to compensate for sation and transformation of this the decline in wine consumption traditional and politically influthe decline in wine consumption traditional a in France and the pressures from ential sector. Brussels to reduce production of cheap local table wines.

It has not been without pain as

stances.

The enlargement of the Euroin the Languedoc-Roussillon pean Community with the entry
and the Provence-Cote d'Azur of Spain has provoked consider-

son for the bulk of its tourism. This has now changed and the summer has become the main season. But sun and sea, and a glamorous image, are no longer sufficient to sustain tourism on the Riviera and elsewhere in the Midi. Cheap air travel has opened up new far-away resorts to mass tourism and eaten into the tradi-

But the region has invested heavily to build up a diversified and all-year tourist business. It has developed new ski resorts in ential sector.

For decades, the South of France relied on the winter sea
electic and all-year tourist business. It But if southern France has snolectic ceeded in adapting its economy the Alps and a thriving business during the past few years, gradu-

CONTENTS

Nice and the Riviers

The story of Perrier

□ Beach at Cannes photo by Ashley Ashwood

convention sector. Major invest- ally transforming and moderniments have been deployed along sing its image, it nonetheless con-the Languedoc-Roussillon coast tinues to face some complex as well as on the Riviera, while the major cities of the area have overcome if it is to succeed in invested in new facilities to completing its evolution in time attract the increasing number of for the single European market

All this would not have been not an economic one, but a politi-possible without major infra- cal one.

tions have undoubtedly played a gradually move from the left to fundamental role in bringing the right. international investment and In the first round of the presiinternational investment and international investment and international investment and investment and investment and investment south of France.

Transport infrastructures have didates. een boosted by new motorway His breakthrough in the south

The region now hopes that a The crisis in traditional indushigh speed train link will eventutrial sectors and the collapse of

Southern France is likely to have been attracted to the find itself at a new central cross-roads after 1992. "This region was regarded as the south of Europe. Now it is likely to become the centre of Europe," remarked Mr football stadium a cheering Raymond Barre, the former crowd of some 20,000 supporters. French prime minister often described as the best economist tional tourist sector of southern

hurdles which it will have to short-stay and business visitors deadline. The biggest and most to the region.

structure investments to support During the past few months, the evolution of tourism and the the Midi has captured the diversification into new business national headlines in France and industrial sectors. Southern because it has emerged as a bastant international airports at blond bombastic leader of the Nice, Marseilles and to a lesser French National Front. Even extent, Montpellier, which have before the recent presidential all been engaged in substantial election, Mr Le Pen had won investment programmes to dou-ble their capacity.

increasing popular support in many parts of a region, whose de their capacity.

Good international air connecpolitical evolution has seen it

all the traditional right-wing can-

heen boosted by new motorway networks and the arrival of france's famous "train à grande large concentration of Arab vitesse" (TGV), the high speed trains which link Paris with Marportion of pensioners and old seilles, Montpellier, and now people in the area, has clearly Nice. One day, these trains will played in his favour. Moreover, run directly to the northern part of Europe and to the Channel among the French expatriates of Europe and to the Channel among the French expatriates
Tunnel at Calais. The TGV has from Algeria, the so-called "pieds
cut the journey to Paris to
around five hours.

The transfer of the partial to the south around five hours.

ally connect Milan to Barcelona the Communist Party in the through the South of France, region has further channelled opening up new business oppor-votes from disgruntled and disilopening up new business oppor-votes from disgruntled and disil-tunities for the area. Indeed, lusioned electors to Mr Le Pen. many local businessmen have Indeed, one of the characteristics established increasing contacts of the rise of the National Front and links with Italy on one side in France in recent years has and Spain on the other in anticipent of the prospects which the Communist Party, once a strong single European market will political force in many key parts bring to their activities and to of the region. And it seems that the region in general. National Front.

He has now decided to run in the French legislative elections in in France, while he was cam. Marseilles to try to win a parlia-paigning in the Midi during the mentary seat as a first step recent French presidential elechall in next year's municipal

In other parts of the south, the

Message Itom southern France

BRAVO THE BRITISH! FOR YOU MARSEILLES HAS AN S THAT'S IT!

-In French, Marseilles spells without an S. But the British write it in the nural, and rightly so, because there are so many Marseilles!

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And now, the scientific and economic worlds are beginning to look at Marseilles as a capital of international standing whose diversified assets are already

Marseilles's Maritime base: first Mediterranean, second European harbour, open to worldwide goods and passengers traffic.

Marseilles's Industrial drive: traditional industries are leaping into the hi-tech age, its powerful netrochemical potential is expanding. its lead in aerospace activities is gaining international recognition, while state of the art activities are

Marseilles's Scientific and Technological assets

include 3 universities, some fifteen colleges, over 100 research units. Marseilles hosts leading-edge scientists and successful firms, responsible for major breakthroughs in various sectors: laser, ocean engineering, genetic engineering, information technology, "chips", biotechnology, artificial intelligence, robotics, and

Marseilles's pioneering spirit stimulates its tremendous scientific and technical potential, as shown by the emergence of biological and technological parks (Luminy and Château-Gombert).

Marseilles's Medical expertise: Marseilles keeps inventing and refining sophisticated therapies in heart surgery or for the treatment of

Marseilles's Entrepreneurial assets: Marseilles offers a wide range of sites, to help and promote new industrial or services ventures. strategically located or in fascinating

and Marseilles has everything lined up for you!

MARSEILLES: A PLACE IN THE SUN TO FORGE YOUR FUTURE



Industry, Science and Technology on the French Riviera

HIGH-TECH HIGH-LIFE

- The Riviera is becoming the French heartland of indistry science and technology.
 Revenues generated by high-tech and science industry have surpassed entings from the tourism and convention sectors.
- In addition to the 10,000 acre Sophia Antipolis high-tech park the French Riviers offers more than 30 industrial and business sites.
- The French Riviera is second only to Paris in banking factories with 58 banks and
- It has the highest concentration of telephones and telegrafin regional Prance
- Nice-Côte d'Azur is France's number two international airport: 37 antimes fink the Riviera with 81 cities in 35 countries, there are 16 flights daily as Paris and direct flights to New York flights to New York.
- An impressive number of major international firms, plus a hub of 37.000 small and medium-sized companies, have located on the French Riviera which boasts the third rating in the country for business creation.
- The French Riviera offers a large choice of land and masthese facilities at competitive prices as well as tax benefits and premiums for start-ups.
- The University of Nice counts 1.300 professors and research workers and a student body of 20.000; students graduate also from several renowned engineers and top business schools.
- With Horizon, the future European Center for the Environment scheduled to open in

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THE FRENCH call them techno poles and they have been spreading like a disease throughout the country and especially in the South of France.

From Nice to Marseilles and on to Montpellier, new technology and science parks have been mushrooming in the landscape as part of a major drive to attract and develop new high technology industries in the area linked to

research centres and universities Undoubtedly it was Nice which ioneered the technopole concept in the south. Today, the science and technology park of Sophia Antipolis, set on one of the most attractive sites on the Riviera between Nice and Cannes, has become a model of the sort.

Some 160 large corporations have settled there, including Digital Equipment, Dow Chemical, Air France and Telemecanique, among many others. They have also lured 200 or so small companies which have developed profitable niches with the big groups.

These companies are playing a najor contribution in helping diversify the local economy from its traditional tourism base. But the success of Sophia Antipolis has also prompted other cities of southern France to launch tech-nopole schemes of their own. Marseilles is investing more than FFr300m to build a technology centre at Chateau-Gombert and Montpellier is continuing to expand its own original technolpart of the city's future economic growth and development.

The father figure of science narks in France is Mr Pierre Laflitte, the former director of the Ecole des Mines of Paris, one of for 33 years. Mr Defferre, who the most venerable French acadied in 1986, was inspired by the demic establishments, and today American example and saw in a senator with the UDF centrist the technology park concept a coalition. Mr Laffitte had the device to stimulate new economic original idea of starting Sophia and research activity for his city.

Antipolis on a site not far from At around the same time in

create a city of wisdom, science But Montpellier turned it into an and learning. He chose the name integral part of the city's new Sophia not only after his first economic strategy. "Unlike wisdom in Greek. He chose Anti-to build something from scratch polis since it was the Greek name on a distinct site," explains a city for Antibes, the town below the official.

The "technopole" concept

High tech suits the Riviera

iting Stanford in California and using it as a way of promoting Japan. "I felt France also needed the development of the city not to have its technopoles where only economically but also high technology, research and training, the academic world and training, the academic world and training the academic world and the development of the city not only economically but also way of promoting the development of the city not only economically but also way of promoting the development of the city not only economically but also way of promoting the development of the city not only economically but also way of promoting the development of the city not only economically but also way of promoting the development of the city not only economically but also way of promoting the development of the city not only economically but also was also way of promoting the development of the city not only economically but also was also way of promoting the development of the city not only economically but also was also w industrial world were all present on one site," he once said.

From the beginning Mr Laffitte

were all the more important.
Unlike Marseilles, the city had
missed out on the industrial revo-

wanted to create not only one of lution of the last century. Unlike the most important science parks Nice, it missed out on the subsetrong international vocation. ism industry in southern France.

After a slow start, the park has But it also had considerable strong international vocation become a major success story for the region as a whole. This success is based on several factors, according to the promoters of population today of the greater Sophia Antipolis.

population today of the greater city area totals about 350,000

To build a technopole, a modern inhabitants, smaller than Tou-airport with international con-nections is crucial, explains one — Montpellier claimed one of the regional official. You also need a oldest and distinguished mediuniversity centre, a number of cine faculties in Europe. high technology industries already located in the area, good cultural and social infrastructures and an attractive site.

"Sophia Antipolis and the Nice ists to the area by developing a area offer all these essential components," he adds.

engineers and rescent appearance ists to the area by developing a number of "poles of excellence as part of its overall each obeyther and the second of the second o The idea for a science and tech-nology centre at Chateau-Gomyears ago from Mr Gaston Def- now has other "poles of excel-ferre, the city's socialist mayor lence" in communications, infor-

his home town of St Paul de 1985, Montpellier and its Socialist Vence nearly 20 years ago. mayor, Mr Georges Freche, also Mr Laffitte says he wanted to embraced the technopole concept wife but also because it means Sophia Antipolis, we decided not

science and technology park.

The idea of creating the technopole came to Mr Laffitte after visthe tissue of the city as a whole.

the new technology concept with several small and medium-sized enterprises choosing to settle in enterprises choosing to settle in the area. Major groups have also invested in Montpellier. IBM, for example, has long had a major presence with one of its most important mainframe computer manufacturing plants in Europe.

have been created as a result of

The city's integrated "techno-pole" concept has been backed up by major efforts to develop the necessary social and cultural environment and conditions to attract Montpellier's new breed of entrepreneurs and researchers. Montpellier took a lead in equip ping itself on an industrial scale with a fibre optics cable network. It has launched a series of ambitious building projects, including the construction of an interna-tional conference centre due to open later this year, and other major architectural schemes.

Like Marsellles and Nice, Mond pellier has been developing its transport network to give the city easy international access. Its airport is being expanded and the number of international flights increased. High-speed TGV trains have reduced the rall journey to Paris to four hours 40 minutes. The city now hopes a high-speed train link will eventually link Genoa to Barcelona passing through Montpellier.

At the end of September Mont pellier will also be hosting the fourth meeting of the International Association of Science Parks. It will be an occasion for several cities and research specialists to compare notes on their respective experiments and pro-jects in what, for the South of France at least, has so far proved a promising new approach to eco-nomic diversification and growth.

MUCH TO its chagrin, Marseilles has been capturing the world headlines in the past few months. as the stage of the major political battle pitching the extreme right National Front against not only the left but also the traditional parties of the right.

The international press descended on the city last April when Mr Jean-Marie Le Pen, the National Front leader, attracted about 20,000 supporters to the football stadium of Marseilles. In the first round of the presidential election, Mr Le Pen scored nearly 30 per cent in Marseilles, beating the candidates of the mainstream

right-wing parties.

Much ink has been spilt to explain the Le Pen phenomenon explain the Le Pen phenomenon quickly to enable the Marselles in Marselles. The large concentration of Arab immigrants in the city; the above-average rate of memployment; the decline of the Communist Party which for years had channelled the protest vote of the city; the crisis in some of the area's traditional industrial sectors like ship-repair, textured over Marselles for decades trial sectors like ship-repair, tex-tiles or steel have all contributed

Mr Philippe Sanmarco, a now necessary to create a similar Socialist member of parliament front to keep the National Front and one of the principal archiout of the town ball. tects in the last few years of Mar-seilles economic development over Marseilles could not have policies, does not mince his come at a more delicate moment. words. It would be "a disaster." For the city is beginning to reap he says, if Mr Le Pen ever the fruits of its efforts to tackle achieved his ambition of taking its complex social and urban over the town hall of Marseilles, problems as well as restructure the country's second largest city the area's economic tissue.

which, with its 1.5m inhabitants,

Over the last few years, which, with its 1.5m inhabitants, Over the last few years, major plays a pivotal role in the econ-investments have been deployed

Marseilles

Le Pen grabs the headlines

Ah Marseilles, that's Le Pen."
But despite his success in the is taking a gamble in Marsellles.
"We have a chance of bursting
the abscess," says Mr Sanmarco.
He adds that it is urgent to do so
quickly to enable the Marsellles

Defferre, the late socialist mayor, ruled over Marselles for decades tiles or steel have all contributed by creating a centre-right, cen-to the rise of the National Front in Marseilles in recent years. by creating a centre-right, cen-tre-left front against the Commu-nists. Mr Sanmarco says that it is

omy of southern France.

"His victory would have a disastrous impact abroad and on modern underground transport foreign and French investors. It would probably spell the end of in full development, an extensive all that has been done these last network of rail and motorway years," he adds. "Already when I connections, and some of the travel abroad people say to me: most highly regarded hospitals in

continue to play a big role in the conomy, Marseilles has been the city centre has also started to developing an expertise for high pay off. Although there remains technology sectors and new growth industries. It already has an institute of robotics, while the space industry is showing them.
increasing interest in an area Seve where French aerospace groups like Aerospatiale and Dassault-

Breguet are already present.

The city has made major efforts to stimulate the development of new small and mediumsized enterprises by setting up special sites known as villages d'entreprise and providing support and facilities to encourage start-ups. Marseilles has also consolidated its role as a service centre for the entire southern region. "Services today account for

tre at Fos, near Marseilles, in the tre at Fos, near Marsellles, in the 1970s has never been completed. But Fos and its environs remain one of Europe's most important petrochemical complexes, second only to Rotterdam. It has continued to attract new companies. Atlantic Richfield has invested in a FFr2.5bn facility to produce additives for lead-free petrol. Fos, additives for lead-free petrol. Fos, its refineries and chamical facili-

France. Its three universities accommodate a population of more than 50,000 students.

The city is the home of several and an increasingly difficult more than 50,000 students. more than 50,000 students.

The city is the home of several eral economic environment—
public research laboratories as total traffic declined from 98.2m tonnes in 1986 to 91.3m tonnes to 1986 to 91.3m tonnes in 1986 to 91.3m tonnes to 1986 to 91.3m tonnes to 1986 to 91.3m tonnes to 1986 to 91.3m tonnes in 1986 to 91.3m tonnes to 1986 to 91.3m tonnes in 1986 to 91.3m tonnes to 1986 to 91.3m tonnes in 1986 to 91.3m tonnes to 1986 to 91.3m tonnes tonne

region," says Francois Perrin, coming years, since they seel the who heads the Marseilles economic development department.

Marseilles is developing an ambitious science and technology park at Chateau Gombert in the northern part of the city which will house a Mediterranean Institute of Technology.

At Luminy on the other side of industrial regions of the country the city in the magnificent natu-ral setting of the Calanques, a been more diversified. More gradual campus brings together research, the crisis has been more gradual, higher education and industry.

Although traditional industries itself into new sectors of activity. A major effort to rehabilitate a heavy concentration of immi-

> Several officials fear that the extreme attitudes of the National Front can only undermine the these attempts. They point out that, like many other important port cities, over the centuries Marsellles has seen waves of dif-ferent immigrant populations arrive, turning it into a melting pot of cultures and races.

During the last few years, a big change has taken place in Mar-seilles. "Things are moving again down here," says a long-time forabout 74 per cent of the regional eign resident of the city. "Marindustry," explains Mr Perrin. industry, explains Mr Perrin.

Traditional industries which

Traditional industries which images and cliches about the city

accounted for 21 per cent of images and cliches about the city industrial employment 10 years ago today account for about 16 per cent. This reflects in part the National Front has revived some hard times which many of these of the old phantoms. It has sectors have undergone, but it focused national and international and international attention on the city. can also be explained by the evo-tional attention on the city, which now faces one of the most Intion of the local economy. which now faces one of the most The ambitious project of creat-difficult political tests in its ing a major industrial steel cen-2,000-year history.

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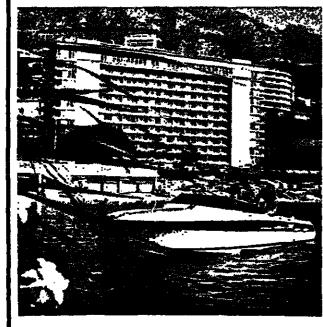
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Flavours and fragrances

The essence of adaptability

FRAGRANCE AND flowers have changes and evolutions that have develop new high value added always been part of the Proven-cal image. Lavender and roses, mimosa and jasmin have traditionally permeated the atmo-sphere of the Riviera, even though they have often had in recent years an increasingly diffi-cult time competing with the smell of suntan oil or car exhausts, especially during the rowded summer season.

quent development of the tour-

As one of the largest urban

To capitalise on its strong academic and research tradition, the

city decided to attract scientists, engineers and research special-

park scheme. It thus set about developing specialised scientific sites in health and agronomy. It

mation processing and tourism.

Montpellier today boasts a population of 50,000 students, several

thousand researchers, and the

highest birth rate in Europe. Dur-

ing the last two years, 4,500 jobs

But they are not only a decorative component of the local landscape. They have long consti-tuted an important ingredient of the Riviera's economy and have Between them, the food fla-played a significant role in vouring and perfume industries France's export-orientated luxury goods industry.

For generations, the town of

taken place during the past few years in the scent business. But Grasse and the French

Riviera still provide many of the essences used by the famous per-fume makers like Dior or Yves Saint Laurent. Grasse, whose tra-ditional activities in fragrance have suffered from high labour costs and competition from large lower-cost suppliers like India, has also been increasingly moving into the closely-related food flavouring business. Between them, the food fia-

of the area employ about 2,800 people in about 30 companies, including subsidiaries of larger Grasse, in the hills behind speciality chemicals groups, gen-Cannes and Antibes, has been erating sales of about FFr2.5bn a synonymous with perfume. year.

activities, Grasse is planning a 20-acre development designed primarily for speciality chemicals

Among the large groups which have invested in Grasse is Sanofi, the pharmaceutical and perfume subsidiary of Eif-Aguitaine, the French state-controlled oil group. Sanofi has also invested directly in the Riviera flower growing industry by acquiring an impor-tant stake in Barberet-Blanc, the world's leading producer of car-nations. Based in Antibes, Barberet-Blanc is also close to another famous name in the another famous name in the flower business, Meilland, a fami-ly-owned company founded over a century ago which claims to have created one in three of the

roses sold throughout the world.

products. It was interested in Barberet-Blanc because the Antibes flower grower had developed a major expertise in test tube or in vitro propagation techniques over the last few years.

Barberet-Blanc has also conducted successful experiments to create new carnation varieties resistant to a fungus called fusur-ium oxysporum which has destroyed entire plantations of carnations in the past.

Sanofi is just one example of the ties that large industrial groups are now increasingly forg-ing with small high technology enterprises to help boost the future development of these smaller concerns and their spe-cific technological know-how. At the same time, the arrival of large groups in the area has pronneed, Grasse has always been called the world capital of perfor about a third of this total and flower business as part of its vided a stimulus to the region's this activity is growing at a overall efforts to build up its biotraditional fragrance and flower business as part of its vided a stimulus to the region's carry as a result of the major part of the region's efforts to in fields like additives and flatin markets and technologies.

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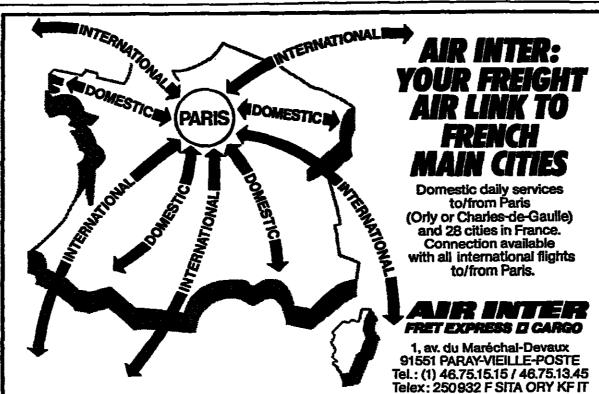
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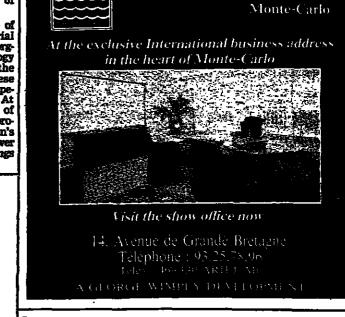
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A spring never runs dry

THE CONVENTIONAL wisdom is that the French are great wine drinkers. That was true a few years ago, but today, although any self-respecting Frenchman still has a bottle of wine on the dinner table, consumption of wine and spirits has declined dramatically.

Indeed, water has now Indeed, water has now replaced wine as the country's

replaces when as the country's most popular drink. And the French, who guzzle litres of bottled spring water every year, have now exported their water drinking craze abroad.

Synonymous with this success of water over wire the Barress of water over wire a Barress of water over wate cess of water over wine is Per-rier, whose spring at Vergeze near the city of Nimes has

been spilling out its naturally sparkling water since the days sparkling water since the days of Caesar and Hainibal.

Perrier has undoubtedly done more than any other French company to put French bottled water on the international map. But the commercial and business success of Perrier, which has grown into one of the leading groups in the French food sector, happened by chance.

pened by chance.
It all started exactly 40 years ago when Mr Gustave Leven, a Paris stockbroker, was looking for a buyer for the spring, then owned by British interests. On his way to the South of France, he decided to stop over and visit the spring

"I had telephoned Sam Bronfman, the Seagram chair-man, whom I knew quite well, and asked him if he was interested in the spring," Mr Leven, who is now 73, recalled in a recent interview. But the head of the Canadian drinks group

did not appear terribly keen.
Although they havened the famous club-shaped Perrier bottle at the very beginning of this century, the British owners of the famous spring never exploited Perrier's potential. Mr Leven says when he first visited the plant at Vergeze, it was a shambles. There was broken glass everywhere. Everything was done by hand. "But I immediately thought

The logic of the deal was of hibical simplicity. "It struck

me that all you had to do was to take the water out of the ground and then sell it for more than the price of wine or oil. I decided to buy the business myself and never sell it again," he explained.

After buying the spring with four good triends in 1948, Mr Leven, who still actively runs the company, set about building up Perrier into a multinational business. The spring, which employed 1,090 people to produce about 10m bottles a year in 1948, was already und. year in 1948, was already prod-ucing 150m bottles by 1952. Mr Leven launched an ambitious programme of heavy industrial investments at Vergeze, including the construction of a large modern bottling plant as well as a glass manufacturing facility to integrate completely production and introduce max-

Mr Leven wanted to control the entire manufacturing pro-cess to gain maximum cost efficiency. The results have been spectacular. Perrier today still employs only about 1,200 workers directly in its sparkling water operations but output at Vergeze has shot up to about 1.2bn bottles a year.

At the same time, Mr Leven started to turn his attention increasingly to export mar-kets, with an eye especially on the US. Despite the strong doubts of market analysts, Mr Leven was convinced that Per-rier had great potential across the Atlantic. After successfully marketing his little green bottiles with the slogan "the cham-pagne of table waters" in France, Perrier was launched with great snob appeal in America as France's "natu-rally sparkling water."

The success was enormous Perrier today accounts for about 85 per cent of all imported water in the US. To

imported water in the US. To strengthen his company's position in the US market, Mr Leven has acquired a series of American springs.

In France, Perrier also owns a number of other important springs including the still water springs of Contrexeville and Volvic. The company has also moved into the UK market, where Mr Leven sees ket, where Mr Leven sees promising prospects, by acquiring Buxton spring in Derbyshire.

But its sparkling water spring of Vergeze in southern France remains the crown jewel of the company whose total annual sales have now reached the FFr12bn level.

Mr Leven believes the outlook remains bubbly for the mineral water business. There is never any recession in his market, he claims, adding that even at times of economic recession demand for mineral water has continued to expanditionally. "In 40 years," he says, "we have always been short of stock at Pervier."

The transformation of Nice

Californian parallels

NICE, these days, is no longer a pany to locate a production plant classy version of Bournemouth. The bustle of traffic, the noise of landing jets at the nearby international airport and the rattle of seemingly permanent construction work has overwhelmed the palm-lined Promenade des Anglais, overlooking the Baie des Anges, where a car park has now replaced the deckchairs.

The provocative red domes of the Hotel Negresco, said to have a pany to locate a production plant on the French Riviera.

The following year, IBM chose La Gaude, on the heights overlooking Nice, for its research centre. Others followed and in 1969 the Sophia Antipolis science high rech park was founded between "Sophia Antipolis has acted as a magnet for new high tech investments in our area as well the Hotel Negresco, said to have

tion during the last 25 years from Apart from the natural envia well-known but fading tourist ronnent of the Riviera and its resort and a magnet for pensiontemperate climate, the international airport of Nice has played.

figure has since grown to 450,000. where a second terminal was And what is significant is that recently completed, rose to 4.6m more than 25 per cent of its population is under the age of 25 while mated 5m passengers this year persioners account for about 20 Extensive international connections, which is well above the tions and a shuttle service with

national average of 13 per cent.

Under the leadership of its foreign groups to the area.

powerful and highly controversial mayor, Mr Jacques Medecin, which have invested in the Nice has become an important region appear to have no regrets high tech business centre while over their moves. Dow Chemical developing and adapting in tradit.

totalling about FFr10bn a year.

the Hotel Negresco, said to have as boosting the region's new been inspired by the breasts of a image," says Mr Medecin in the famous belie-epoque belle, struggle to preserve some of the city's near the city's international airwanishing Edwardian nostalgia.

But Nice seems to have no more science parks in the complexes about its transformation during the last 25 years from the method of the region," he adds.

region," he adds.

Apart from the natural environment of the Riviera and its a modern metropolis.

a modern metropolis.

a major part in the development
in 1966, Nice had a population of the city during the last two
of barely 200,000 inhabitants. The decades. Traffic at the airport,
figure has since grown to 450,000. where a second terminal was

Nice has become an important high tech business centre while over their moves. Dow Chemical developing and adapting its traditional tourist sector to the changing needs of consumers.

"We now see ourselves as the pany claims that its productivity has increased by 30 per cent since coming to Nice. At IBM, the company claims that one of their capital of the California of problems is that managers and Europe," says Mr Thierry Martin, of the Côte d'Azur Development of the Côte d'Azur Development (CAD) agency set up in 1983 by Mr Medecin to promote the region's ambitions to become France's scientific and high technology sunbelt.

The diversification into high technology sunbelt.

The annual revenues generated Opposite the airport, for example, by the region's new industrial, high tech and scientific activities have now overtaken the airport. night tech and scientific activities advanced on a new business cen-have now overtaken the com-bined annual turnover of the tourist and convention business totalling about FFr10hm a way. The electronics and data pro-city centre have all been part of essing sector now accounts for the efforts to modernise and

cin, a former French tourism down here to look for a job

Cahors

Montauban

Toulouse

Folx

ANDORRA

Rodez

Milleu

LANGUEDOC

Narbonne,

Abl

terranean style leaves few people indifferent. He has made as many enemies as friends. His critics accuse him of being an accom-plished political wheeler-dealer who has created an all-powerful political machine to keep him in political machine to keep him in charge of the city. Mr Medecin dismisses these attacks as a permanent guerrilla war by his left-wing political opponents and the Socialist press to try to undermine his position in the city.

He has no making about speak.

He has no qualms about speak-He has no quaims about speaking his mind on highly controversial issues like immigration and
drugs. "If we had not adopted a
policy to prevent the concentration of North African immigrants
in the old city centre, the old
quarter would have become by
now an Arab sork like at Mar-

quarter would have become by now an Arab souk like at Mar-seilles," he says. Although Nice has tradition-ally had a large North African population, it has never had the same problems as Marseilles as a

minister and a deputy for the Gaullist RPR party at the National Assembly, has run the city with an iron fist after succeeding his own father as mayor.

Mr Medecin's extrovert Medion.

Perpighan

Le

Aubenes

Golfe du Lion

W 500

Valence

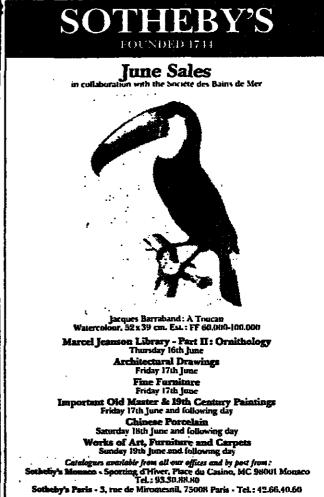
Other problems are drugs and crime. Nice's geographic position, its international airport and port facilities, have turned it into a significant transit centre for the international drug trade. Mr Medecin has sought to clamp down on local crime and the drug business by intensifying security in the city. In his typically outspoken way he says that when drug dealers are caught they should be given an overdose of their drugs in front of television cameras for all to see. Drugs and crime as well as a

highly publicised "casino war" have on occasion given Nice a bad image in France as "a Chi-cago of the Mediterranean." according to one long-time resident. The casino war, which involved a ferocious battle for control of the city's major gambling facilities worthy of a B-movie crime serial, has been grist to the mill of Mr Medecin's opponents.

But Mr Medecin shrugs off these criticisms just as he does the city of the system of the

cessing sector now accounts for the efforts to modernise and about FFr4bn in annual revenues and employs about 10,000 people. Speciality chemicals represents FFr2bn in annual turnover and claims, has been relatively amploys more than 5,000 people. And, of the other new activities, bio-engineering and marine research produces more than FFr2bn a year and 10,000 jobs. This evolution began in the early 1960s when Texas Instruments, the US semiconductor group, moved in at Villeneuve Loubet, near Nice, it became the first American high tech com-







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cipality has not so far developed

into a significant offshore bank-

ing centre, as the Monegasque authorities would wish. The deci-

sion rests with France, since Monaco comes under the jurisdic-tion of the Banque de France and

The principality has put a lot of work into building up special attractions like the international tennis and golf tournaments as

vell as the traditional car races

Cultural events and festivals

have also helped sustain fourism

even though the decline of the dollar and the fall in the number

of big-spending American tour-ists have had an adverse impact.

international image and its more rounded economy, has proved

Nevertheless, Monaco, with its

its foreign exchange controls.

SOUTHERN FRANCE 4

Tourism, the region's backbone, is adapting to changing tastes

Getting away from the coast

travel which has opened up to mass tourism distant special are reputation as one of the world's leading tourist spots. "It is undoubtedly a star and like all stars it has its qualities and its petitive environment and the faults," remarks Mr Dominique Charpentier, head of the regional tourist bureau in Nice, sitting in

"The British became a dominant power down here during the last century," he adds. Lord FFrlibn in annual revenues in the Provence-Côte d'Azur area. It is and the British colony in the Provence-Côte d'Azur area. It is and the British colony in the continued to grow in ecoenade des Anglais.

Mer (SBM) and its rococo casino to launch Monte Carlo as a fashionable and leading gambling resort. But the South of France with its blue sea and its picturesque villages in the hills of Provence was also discovered by the great Impressionist painters at around the same time and has

the world over first a winter resort. Its moderate with an increasing number of climate attracted a cosmopolitan farm houses or gites available for mix of visitors and residents dur-holiday rentals and additional ing the winter months, and it was only after the Second World War that summer replaced win-

ter as the big season

development of new resorts in more in inland areas."

Spain and Italy, not to mention

Greece and North Africa, the

Greece and North Africa, the

individuals

foreign corporations.

petitive environment and the changing tastes and habits of consumers, the South of France has successfully managed to his office overlooking the Prome adapt its tourist sector which nade des Anglais. the regional economy.

Nice 10 years later inspired the nomic importance not only in the construction of the famous Promseaside resorts along the Riviera from Menton, near the Italian Twenty years later, it was the border, to St Tropez, but also in turn of the Societe des Bains de the hinterland and along the coast of Languedoc-Roussillon to the Spanish border.

The region has also made a big effort to diversify tourism by ng winter sports in the Alnes Maritimes where there are now 17 winter sports resorts including three internationally at around the same time and has known ones, Isola 2000, Valberg continued to inspire artists from and Auron. In the hinterland, The South of France was at tourism has also been developed so-called tourisme vert or "green hotels in the countryside and mountains of southern France.

This inland development is The Americans brought with facilities like golf courses and expected to continue with new them the cult of sun and sea," horse-riding schools for a rising says Mr Charpentier. "And the number of holiday-makers anx-french, who now also had jous to avoid crowded summer of the country of the c annual paid holidays, started beaches. The coast is reaching flocking to the south in the summer months.

Mr Charpentier. This coast is reaching sturation point, acknowledges mer months. But in the face of the growth of have a strategy of anticipating international tourism and the the future by investing more and

South of France has started to visit several remarkable towns of come under increasing competi-tion. This competition has Arles, Nimes, Carcassone, Aix

Expanding in Monaco

companies and individuals but expert help can ease the problems of entering or expanding into a new market place.

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dimensions to business activity.

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EEC requirements, including VAT and customs duties,

then the Russian aristocracy dis- development of low cost air which can also serve as bases to

these towns, like the resorts on the coast, organise annual cul-tural and artistic festivals such as the theatre festival of Avignon and the music festival of Aix. which are beginning to gain

international recognition.

The importance of tourism is underlined by the fact that on the Côte d'Azur alone the sector is directly and indirectly respon-sible for about one-third of total employment. But even the thriving tourist business of the coast with its new marinas, its large concentration of hotels and restaurants, its sports and leisure facilities, has been forced to adapt to changing circumstances.

Gone are the days when people

used to come to spend long sum-mer holidays in one place. The trend is increasingly moving towards shorter - but more fre-quent - stays as both French and foreign visitors spread their holidays throughout the year.

At the same time, the region has expanded successfully in attracting business conventions Nice, Cannes and Monaco all have modern facilities and have managed to attract a growing number of business visitors who today account, if one also includes special international events like the Cannes Film Fes-tival or the Monte Carlo televifestival, for about 18-20 per cent of overall tourist revenues.

As part of the efforts to cater for a growing number of business omy, such as convisitors, an increasing number of erty and banking. new three-star and four-star "It is essential" stantial investments have also been made to refurbish the tradiera from Monte Carlo to Cannes,

THE MIDI, as the South is known

in France, has always been a pro-lific wine producer. Wine has for generations been an integral part

of the culture, politics, history and economy of a region where a

great many people still own a few

Hollywood glamour of the late Princess Grace and her daugh-

car rally and its jet set image.
During the 39 years he has run
Monaco, Prince Rainier has successfully transformed and mod-

ernised the principality from a

ent city state, which not only

continues to remain a shelter for

wealthy foreign tax exiles but has also become the home for a

growing number of small industries and service businesses, as

well as a large banking sector.

The old myths have been tum-

bling down as the economy of the

Gambling today accounts for barely 4 per cent of the principal-

ity's annual budget. In its belle

epoque heydays at the end of the last century it accounted for as

New image for a city state

Monaco

attracting grand dukes and Greek shipping tycoons.
But this impres changed, even though the princi-pality of Monaco continues to ds because of the difficulty of

The Riviera, like other major

fading gambling resort into a diversified and thriving business However, the Americans and tourist enterprise. He has turned the principality with its 28,000 inhabitants into an affludollar exchange rate around last Christmas is widely expected to have a dampening effect again on

of this sector, which has significant ramifications in several other key areas of the local economy, such as construction, prop-

"It is essential that we keep hotels have opened on the coast and in the main towns and cities Mr Charpentier. "We must make of the South of France. But sub-people dream at the same time as can have a millionaire's holiday tional luxury hotels of the Rivi-without necessarily spending a

much as 95 per cent of try's annual receipts.

convention was signed between France and Monaco. Under the 1960s with France is now long buried and relations today between the two countries could not be more amicable.

principality, once based practi-cally solely on tourism and gambling, has expanded and diversified into new sectors.

This fiscal system has not only continued to attract wealthy for-

and their own government. But

they have become increasingly alarmed by the EC's efforts to

reform its costly wine regime and

The traditionally militant wine-growers of the Midi were

again up in arms a few weeks ago following the latest plans from Brussels to introduce a more

restrictive price regime. To appease them, the government extended some additional hand-

Although prospects remain

uncertain for the region's wine

becoming much more professional and the Var is producing

recent years," he added. Since the growers organise

themselves more coherently and efficiently, wine exports from the Var have doubled. Perhaps even

curb production.

in France If you work in the business centres of ANTIBĖS, BORDEAUX, CANNES,

to transform itself quietly and discreetly into a leading offshore

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mass tourism distant sand and sun resorts in the Caribbean, the Pacific and indian Oceans ore acute with the and Orange, to name but a few, restoring them to their former of low cost air which can also serve as bases to splendour while incorporating all Transport infrastructures have played a major part in the devel-opment of the business conven-WRITER Maugham described Monte Carlo tion activity as in that of the mainstream tourist business of as a sunny place for shady peo-ple. But that was long ago and the area. The international air-port of Nice has played a particu-larly significant role in support-ing tourist business as well as attracting foreign investment. things have moved on since then. Prince Rainier told me last year that he would like to be remembered one day as the man attracting foreign investment, who currently the airports of Marseilles and legends of his tiny sovereign Montpellier have also made a state. For generations, the picture postcard principality has ture postcard principality has been regarded as a tax haven and Other factors include the gambling paradise with its famous casino and luxury hotels

work and the high speed TGV train service between Paris and Marselles, which now also runs to Nice although not at top adapting the railway track along the coastline.

European tourist centres, has been hit during the past two years by the decline in the num-ber of US visitors due to the fall in the value of the dollar as well as the terrorist events of 1986 which put off a large number of Americans from travelling to the Mediterranean.

started to come back last year, although the further slump in the

But the regional authorities hope to sustain the development

making them aware that they

During a recent visit, two cross- Prince Rainler (left) with Presustained property prices, but its. By comparison, lending activ-has also enabled the principality ity has been limited and the prinpiers were lamenting that even the wealthy Arabs had now deserted the green tables and that all the big business was in Las Vegas-style slot machines. These days, the biggest contribution to the FFr2bn annual state budget the FFr2bn annual state budget The Greek shipowners were comes from value-added tax among the first to take advantage receipts which account for as of the tax system to set up Monamuch as 55 per cent of revenues, co-based entities to manage and

But even though the authori-ties like to play down Monaco's tax haven image, the source of great irritation on the part of France in the past, its favourable fiscal climate has undoubtedly contributed to the success of its

economic development.

After a major clash with the French authorities in 1962, a tax more than 30 different banking attract world headlines as a result of the irresistible combina-tion of its fairy tale setting, the agreement, all French nationals residing in the principality after 1957 had to pay French income taxes. But the row of the early ters, its famous grand prix and

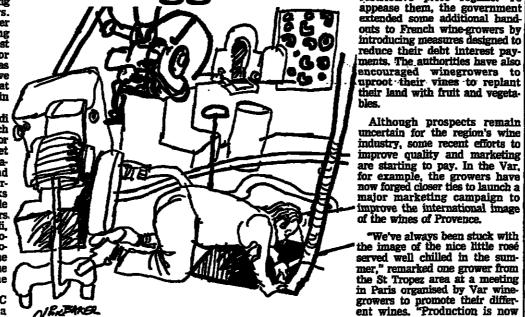
The tax convention preserved the tax advantages for Monegas-que nationals and foreign non-French residents since they con-tinued to benefit from the absence of income tax as well as other taxes like capital gains and corporate tax if not more than 25 cent of a company's turnover

Although the principality levies indirect taxes and a 35 pe cent corporate tax on companie whose turnover outside the prin cipality exceeds 25 per cent of its total sales, it remains, in the words of a local businessman, "a tax-efficient centre."

eign residents, who in turn have

Wine-growing

Nice rosé turns more aggressive



European Community.

But Spanish entry into the EC could turn out to be not only a threat but also an opportunity and challenge for the rural regions of southern France to improve their wine producing and marketing methods. At least campaigning in the French president is what Mr Raymond Barre, dential elections a few months are in the Language.

SCIRESIDENCE

acres of vines and devote their weekends to tender their grapes. But wine has also given the Midi, and especially the Langue doc-Roussillon region, a growing headache in recent years. Squeezed by changing consumer drinking habits and increasing competition from other low cost wine producers, like Spain or Italy, the Midi wine sector has faced a crisis which some have gone as far as comparing to that which hit the steel industry in The problem is that the Midi has long been the main French producer of cheap table wine, or "vin ordinaire," whose market has suffered from the combina-

tion of declining demand and excessive production. The average Frenchman today drinks about 30 to 40 litres less table wine a year than he did 20 years ago. At the same time, the Midi, which accounts for at least twothirds of French table wine production, is probably one of the regions most vulnerable to the recent entry of Spain into the

> NEW THE ning a wine slumy out near Perpignan

ago in the Languedoc-Roussillon. During a visit to an ultra-mod-During a visit to an ultra-moorern winery built by the co-operative of Val d'Orbieu, near Nar-bonne, Mr Barre applauded the co-operative to pation for their livelihood.

Moreover, three out of five efforts of the co-operative improve its marketing and production techniques. Indeed, the wine producers are aged 55 or area has attracted interest from foreign investors.

Moreover, three out of 16 is interest from foreign investors. Between 20 and 25 wine-growing have been acquired boost its sales drive in the US.

Other producers are also making a big effort to improve the quality and image of the local wine production has such irouhle to organise and regroup itself efficiently to improve quality and shift the emphasis towards progress, this remains an uphill struggle. The nature of wine production in southern France has made it difficult to restructure and modernise the sector to improve quality and develop a stronger and more cohesive marketing policy to compete efficiently in international markets.

In the the sector to see why local wine production has such irouhle to organise and regroup itself efficiently to improve quality and shift the emphasis towards exports to compensate for the fall in domestic consumption of ordinary wine.

The wine growers of the Midi, who have always had an important and vocal vuice in the politics of the region, have also relied heavily in the past on support from the European Community

A very large proportion of increasingly good quality wines, wine-growers in the Midi are not And there is no reason why we full-time wine producers. A cannot try to market our wines recent study showed that of the as successfully as the people in 74,000 wine-growers of both the Beaujolais have done in

is not difficult to see why local wine production has such trouble

estates have been acquired recently by a wide range of foreign investors from West Germany, Belgium, Denmark, Sweden, the US and Japan.

"In most cases, they have bought properties involving about 30-40 hectares. It has been a recent and encouraging phea recent and encouraging phenomenon since it should greatly help improve our international image and visibility," according to a regional banker based at

Sunbelt at a crossroads

headache for the region. Many local and foreign businessmen

extreme right-wing party to gain neur who has built up a business and social and example and example by taking over and turn-ficulties of the area.

The rise of the National Front in the south has posed a new headache for the region. Many local and foreign businessmen meur who has built up a business on the social and example ficulties of the area.

The rise of the National Front in the south has posed a new headache for the region. Many local and foreign businessmen for the region has already successfully started to adapt and transform its economy to changing directly since taking over the local local and foreign businessmen.

Control (from the control of the con

local and foreign businessmen interviewed expressed undisguised concern over the implications of the National Front assuming a major role in the political management of many key centres of the Midi.

The this means the Socialist Party's efforts new complicated and clouded to extend the socialist Party's efforts new complicated and clouded to extend the socialist Party's efforts new complicated and clouded to extend their electrons of the local ambitions of the beginning to produce results. It now faces the challenging task of run also reflects Mr Mitterrand's accelerating these efforts in a and the Socialist Party's efforts new complicated and clouded to extend the socialist Party's efforts new complicated and clouded to extend the modernisation of its economic diversification policy declared that he decided to enter and the modernisation of its economic and urban structures are beginning to produce results. It now faces the challenging task of run also reflects Mr Mitterrand's accelerating these efforts in a latter of the modernisation of its economic and urban structures are beginning to produce results. It now faces the challenging task of run also reflects Mr Mitterrand's accelerating these efforts in a latter of the modernisation of its economic and urban structures are beginning to produce results. It now faces the challenging task of run also reflects Mr Mitterrand's accelerating the modernisation of the beginning to produce results. It now faces the challenging task of run also reflects Mr Mitterrand's accelerating the political characters. placed the international spotlight on this large and varied region of

to retain power. And these associations have inevitably helped the nard Taple, the French entrepresentations are right wing party to gain a measure of removability and the same association of the same association and the

For this reason, the Socialist to extend their electoral base to political climate which has Party hopes to capitalise on Francols Mitterrand's landslide victory in the presidential election month's legislative election and
whatever the outcome of this on this legislative election and because of the control of the cont

tinue addressing in months to come, its local political problems, which reflect the complex reallties and social and economic dif-

traditional parties of the right to create a democratic front to have had to make local political prevent Mr Le Pen from gaining alliances with the National Front further ground in the south.

Fitting-out **Financial** Times office

TROLLOFE & COLLS companies part of Trafalgar House, have won two contracts together worth nearly £17m. The larger, worth £15m, is for fitting out a new office block in Southwark for the Financial Times. The seven floors will provide 154,000 sq ft accommodation for editorial, dvertisement staff, and adminis-

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A.E.SYMES, part of the Wilmott Dixon group, has been awarded a contract worth in the region of £1.3m by Wheatsheaf Investments for the construction of a HENRY BOOT has received contion of 60 homes in four plocks, six-storey block of flats on piled tracts worth £12m. The company and a converted water tower values been London W1.

KIRR SOUTHERN has been awarded a £4.2m contract for the construction of a 70,000 sq ft superstore with three smaller shop units in Cricklewood Broadway, London W2, for Charterhall Properties. The contract also entails a car park with 713 spaces and extensive landscaping. Work began in May with completion due in 48 weeks.

RUSH & TOMPKINS has been awarded a £2.85m management contract for the first phase of the Cardiff Business Park (Parc Ty Glas) at Llanishen, four miles north of the City Centre. Work starts on site this month and is due for completion in March 1989. Joint developers are Rush & Tompkins and Cardiff-based Campaign Properties. They envisage completing the 25,500 sq agricultural underpass, together with the installation of traffic metre project within a two-year signs, safety fencing and street lighting at junctions. Work is due programme, at a cost of £13.5m. Offices, warehousing and nursery units will be available from 180 sq metres upwards.

CONSTRUCTION CONTRACTS

Light technology cuts heating costs

Strathclyde University to construct university buildings in the centre of Glasgow. The complex is believed to be the world's first centre of Glasgow. The complex ing the project with grants to the maintenance costs and maximum is believed to be the world's first university. The 5-acre site, domestic and commercial develounded by Rottenrow, High opment to be constructed incor
Street and George Street, will September 1989.

Shopping precinct on Merseyside

side is included in contracts end of next year. Other contracts The contract housing division worth more than £13m awarded include a leisure pool at Parkway at Paisley (£1m); Wolverhampton to TARMAC CONSTRUCTION. Hotel, Leeds, for Embassy Hotels (£971,000); Coventry (£85,000); and The precinct, in Eccleston Street, (£1.1m); altering a workshop into Briston (£582,000). Neslo Interiors, The precinct, in Eccleston Street, (£1.1m): altering a workshop into
Prescot, is valued at about £7.7m. a garage at Plymouth, for British
Work on the project, for ShearwaGas (£399,000); and alterations

Eccleston Street, (£1.1m): altering a workshop into
the partitioning company, has a
£590,000 contract for Caledonian
Paper at Irvine, Strathclyde.

A shopping precinct on Mersey- uled for completion towards the for Levi Strauss (UK) (£365,000).

Lawrence wins refurbishment work

advertisement staff, and administration. Completion is scheduled for March 1969. Work has started on refurbishment and extension costing £1.7m at the Hard Rock Cafe. Hyde Park Corner, London. The restaurant will remain open for the 40-week contract period. Seating in the basement will be expanded to increase total capacity by 75 per cent.

WALTER LAWRENCE CON
Lambs Conduit Street for Circle 53-54 Doughty Street. A £2m residential development in Bristol is ongoing work for St Bartholomew's Hospital; phase II of sheltered accommodation in Gravesand formation of rehabilitation department at the Royal Marsden bounded to increase total capacity by 75 per cent.

Four-storey office block at Solihull

HENRY BOOT has received con- tion of 60 homes in four blocks, Lucas Court block of flats on is to construct a four-storey office ued at about £3.8m. has also been block in Homer Road, Solihuli, awarded The 105-week project is for National Homeloans. With a being undertaken on the Royal contract value of just under 58m. Free Hospital site in Liverpool contract value of just under £8m, the building will be built around a central atrium linked to a a central atrium linked to a Islington & Hackney Housing three-storey office block. Work Association. Henry Boot is about will be completed in October to start on alterations to the

£8m roadworks

KIRR EAST ANGLIA has been

awarded an £8m contract for the

at Chelmsford

IN BRIEF....

Road, London NI, forthe New 1989. A contract for the construc- emergency escape routes at the

Doddington Estate in Wandsworth, London SWIL Alterations include the conversion of 20 top-

been awarded contracts by the Property Services Agency for the resident operation and maintenance of building engineering services in two RAF establishments. The contracts, each of which is of three years duration, construction of the Al30 Chelmer which is of three years duration, Valley Road (North) by Essex over the day-to-day management, Operation and management, operation and management, operation and management, operation and management of the six conditioning hearing km north of Chelmsford and of the air-conditioning, heating work involves construction of about 7 km of single-carriageway road, two reinforced concrete bridges and a reinforced concrete bridges and a reinforced concrete concrete bridges and a reinforced concrete bridges and concrete bridges are supplied to the conditioning, beating and electrical services at RAF

STRUCTION has won seven con-tracts totalling more than £5m. lighting at junctions. Work is due to start in early June with completion in March 1990.

These include: sheltered accommodation consisting of 60 flats, two warden's houses and com-

floor maisonettes to bedsits and the replacement of heating, hot and cold water, and electrical services. The £750,000 contract will be completed by February 1989. The client is the London Borough MATTHEW HALL MECHANICAL mon areas in Basildon, Essex for & ELECTRICAL ENGINEERS has Basildon District Council, £2.6m;

remodelling part of a tip, the extension of an access road and drainage system for British Nuclear Fuels at Sellafield, Cumbria, 2500,000; a single-storey chimnessan house providing a chimpanzee house providing a public viewing gallery and indoor yard for the North of England Zoological Society in Chester £250,000. Whatlings Construction part of Alfred McAlpine Construction, has won two contracts both in Lincolnshire.

* totalling £1.5m. They are: a factory extension for Wiggins Teape

* ALFRED MCALPINE CON
STRUCTION has won seven con
Elm; and the design and construction of offices and a yard at Port Dundas Industrial Estate,

Glasgow, for G.K.N. Kwikform \$500,000.

Contracts & Tenders

SUPPLY OF SIGNALLING SYSTEM FOR THE FIXED LINK BETWEEN FRANCE AND THE UNITED KINGDOM

Translink Joint Venture or/and GIE Transmanche Construction, Contractor for construction and equipment of the Channel Tunnel project invite applications for pre-qualification for

Scope to include:

Design, supply installation and commissioning of railway signalling system to a standard acceptable to SNCF and BR to comprise, cab-signal ATP system easily extendable for ATO, train detection system and an interlocking subsystem. System to be proven ased on the latest technology and facilitate minimum modification to satisfy specific project requirements.

Applications from interested companies should be made by 20th June 1988 to:

The Contracts Manager

Translink Joint Venture or/and GIE Transmanche Construction Surrey House Throwley Way Sutton Sprrey SM1 4WA ENGLAND

TELEX NO. 927388 TMLINK G

Company Notices



New Zealand

US \$ 250,000,000 Floating Rate Notes due 1996

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the interest period from June 6, 1988 to December 6, 1988 the Notes will carry an interest rate of 71/6% p.a.

The interest payable on the relevant interest payment date, December 6, 1988 against coupon nº 5 will be US\$400.31 per Note of US\$10,000 nominal and US\$4,003.13 per Note of US\$100,000 nominal. The Reference Agen



Clubs

01-734 0557.

Art Galleries

Eve has outlived the others because of a policy on fair play and value for money, Supper from 10-3.30 am. Disco and top musicians, glamor-

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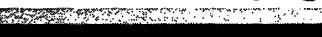
Tune 2nd

bank leumi (uk) plc

Base Rate

Bank Leumi (UK) plc would like to announce that with effect from Friday 3rd June 1988 its base rate for lending is increased from 7½ per cent per annum to 8 per cent per annum.

bank leumi בנק לאומי 🛞



CORRECTION NOTICE

Continental Airlines, Inc. US\$38,500,000

Floating Rate Notes due 1996

Notice is hereby given that the rate of interest on the above Notes for the period 2nd June. 1988 to 1st September, 1988 has been fixed at 9 5625% per annum, payable The amount payable against Coupon No. 8 will be \$23.91 per \$1,000 Note

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Société Concessionnaire des Autoroutes de la Côte Basque **AÇOBA**

7% 1978/1993 UA 16,000,000

On May 24, 1988, Bonds for the amount of UA 1,640,000 have been drawn in the presence of a Notary Public for rademption on July 10. 1988.

The following Bonds will be redeemable coupon due July 10, 1989 and 7200 to 8839 Incl. Amount outstanding: UA 10,160,000

Dutstanding drawn Bonds:

5604 to 5609 incl. 5631 and 5632 5771

5892 to 5894 incl. 5989 and 5990 9610 to 9612 incl. 9623 to 9629 incl. 9643 to 9660 incl. 9956 to 9963 incl. 10005 to 10015 incl. 10086 to 10097 incl. 10099

10158 to 10168 incl. 10190 to 10195 incl. 10354 to 10359 incl. 10473 10505 to 10510 incl. 10606 to 10608 incl. 10473 10932 to 10944 incl. 10971 and 10972

Luxembourg, June 6, 1988

The Fiscal Agent KREDIETBANK S.A. LUXEMBOURGEOISE

QUEBEC CENTRAL RAILWAY COMPANY CAPITAL STOCK

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Art Galleries

EGEN, 13 Old Bond Street, 01-629 SSSS. GARAS-BORCUGH, Two musical masterplaces, 'Aber and 'Clarges' Tues. 7th June until Wed Zing, June only. 9-30 to 6.36.

ALUMINIUM The Financial Times proposes to

publish this survey on: 26th October 1988

For a full editorial synopsis and ent details, please contact Anthony G. Hayes on 021-454-0922

or write to HIM at: Financial Times George Houset George Road Birmingham B15 1PG

FINANCIAL TIMES



TAP Air Portugal become the first airline to use satellite data communications on a transationtic flight on board its Lockeed L-1011,

"Bartolomeu de Gusmão". It is a technological

advance being developped

stations all over the world

by the European Space

Agency to put ground

in touch with long-haul

Future Technology is Our Ancestral Art come. It is the sort of ingenuity Portuguese

flights via telex — an experience typical of TAP Air Portugal's vision of the future.

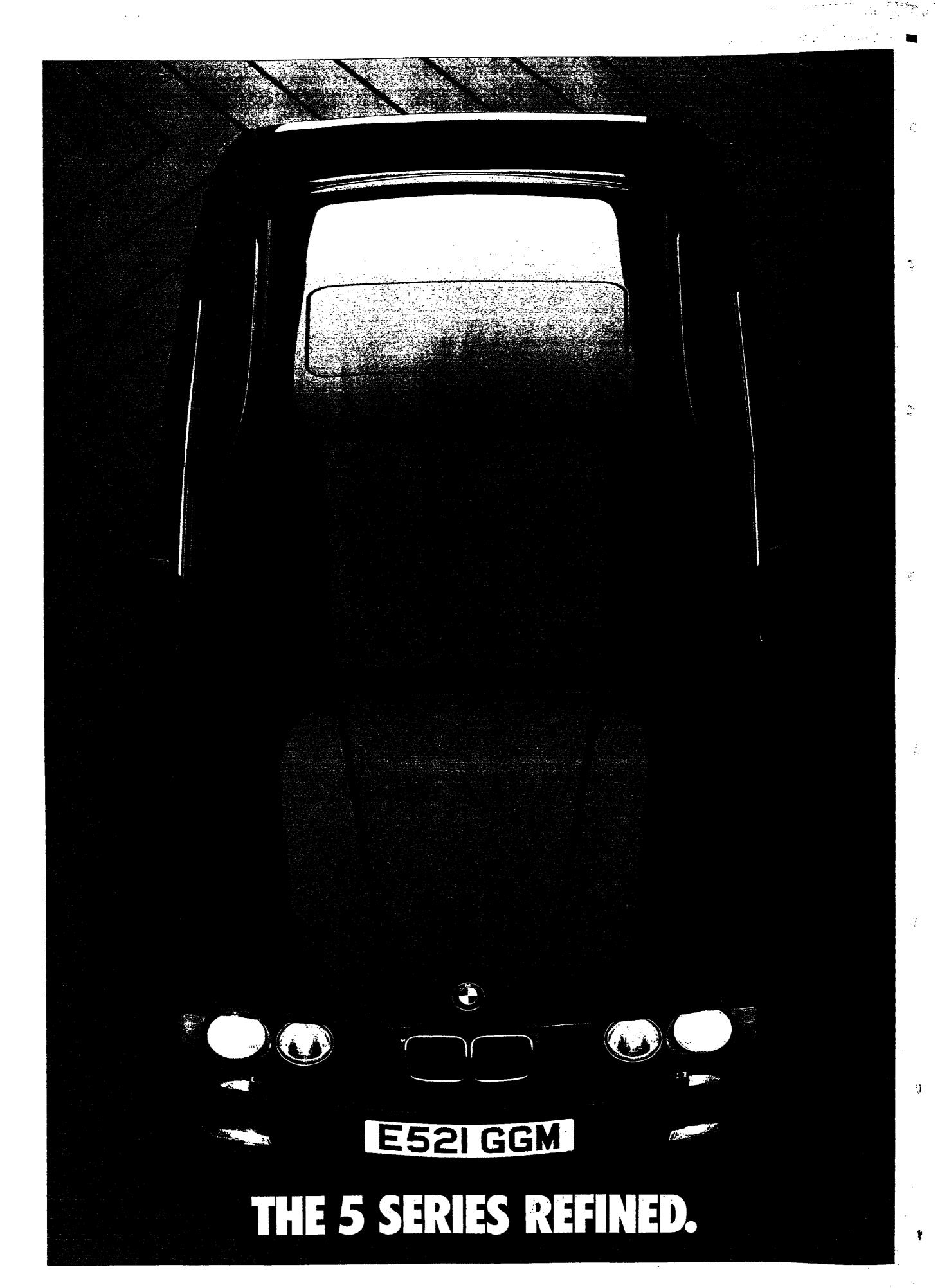
And thinking traditionally, it is typical of our eagerness to explore new advances in technology

and performance in keeping with the times navigators have been demonstrating for 500 years. We are a legend.



We fly the face of History.





Neither of these tasks was an easy one.

The current 5 Series, though six years old, includes the world's fastest four door production saloon.

And as for producing some new form of performance saloon, could BMW engineers triumph where others have not?

Frankly, it would appear that they have.

Motoring journalists have not only been unstinting in their praise of the new 5 Series, but also unanimous.

It is no mere facelift. The designers began with a blank sheet of paper.

And not one body panel is carried over from the previous model.

STYLED BY WIND, AS MUCH AS BY HAND.

The new car has a drag coefficient as low as 0.30. With even the floor pan shaped, to provide increased grip at speed.

But though BMW reduced the car's wind resistance, they succeeded in retaining its character. As 'Car' magazine reported:

"...its styling is modern, purposeful and yet unmistakably BMW."

Some credit for the car's appearance must go to those who engineered the chassis. Its wider track, longer wheelbase and lower centre of gravity give the car a sleek low look.

They also contribute to the car's near perfect balance and behaviour.

Back to 'Car' magazine.

"In this class no other saloon offers a better blend of ride, roadholding and handling."

THE INTERIOR IS AS CLASSICALLY BMW AS THE EXTERIOR.

The dashboard is unashamedly driverorientated. Without a single garish liquid crystal gauge in sight.

They may be fractionally more efficient in reacting to information, but BMW judge them rather less efficient in communicating it.

'Motor' obviously concur. "Bereft of styling excesses and gimmicks, the display stands as an example of design purity and clarity."

"The 520i's fascia brings new realism to the term 'carved from solid'. It looks superbly integrated and beautifully assembled from high-grade mouldings."

Of course, BMW have long been praised for their build quality. A reputation they were not about to compromise.

So, despite the trend to build less and less substantial cars, BMW have constructed a more substantial one.

400lbs heavier, the new 5 Series has a bodyshell over 40% more rigid than the previous model. Stiffness that is an aid to swiftness, as 'Motor' found.

"The car's immensely strong rigid bodyshell also allows it to sail over large crests and dips with a feeling of great integrity. There's very little excess body movement: control is simply terrific."

Braking is equally sure.

There are ventilated disc brakes all round. The largest of any car in this class, they operate via a powerful new vacuum servo.

And from the 525i, every member of the new 5 Series has the added benefit of ABS.

SO MUCH FOR THE 'STOP'. NOW ON TO THE 'GO'.

The new 5 Series is powered by what is widely acknowledged as the smoothest range of six cylinder engines in existence.

It begins with a tax efficient two litre. And even this is capable of propelling the car at a somewhat academic 125mph.

Next is a 2.5. It develops maximum torque at just 4,300 rpm. Making the 525i particularly adept at motorway overtaking.

Thirdly, there is a 3 litre that develops an impressive 188bhp.

And at the top of the range, a 3.5 that will take the car from 0 to 60mph in just 7.7 seconds.

All four are fuel injected. And they each incorporate a computerised engine management system that constantly 're-tunes' the engine for optimum performance.

The car will also calculate its own service intervals. And memorise any engine fault, no matter how fleeting, then report it on its next visit to a BMW service bay.

But it is the engine's performance not its practicality that will attract the keen driver.

It certainly attracted the man from 'Motor.'

"Throttle response is super-crisp and entirely consistent but most impressive is undoubtedly that superlative mechanical smoothness."

Excellent though the individual components of the 5 Series are, it was the car as a whole that impressed 'Motor' most.

"Its real achievement is in the completeness of its abilities, its depth of talent. BMW's standards appear to march forward irrespective of model range or price."

Over the last 4 years BMW invested 4 million man hours in the development of this new 5 Series. And they drove prototype cars and tested components over 2.9 million miles.

(The equivalent of driving around the world one hundred and sixteen times.)

The car that has emerged packs more advanced technology per square inch than any BMW before. Driving it, however, provides some good old-fashioned rewards.

"The 525i is sporty and civilised, fast and economical, well put together and relatively affordable, comfortable and fun to drive."

"This is a sports car dressed as a family saloon, a driving machine which does not sacrifice creature comfort."

These paragraphs represent 'Car's' verdict. BMW now await yours.

THE ULTIMATE DRIVING MACHINE

THE PERFORMANCE CAR REDEFINED.

THE NEW 5 SERIES RANGE FROM £15,985 FOR THE 520I TO £24,995 FOR THE 535ISE. PERFORMANCE FIGURE SOURCE: MANUFACTURER. PRICES, CORRECT AT TIME OF GOING TO PRESS, EXCLUDE DELIVERY AND NUMBER PLATES. FOR A NEW 5 SERIES INFORMATION FILE OR TO ARRANGE A TEST DRIVE, PLEASE WRITE TO: BMW INFORMATION SERVICE, PO BOX 46, HOUNSLOW, MIDDLESEX OR TEL: 01-897 6665, FOR TAX FREE SALES, TEL: 01-629 9277.

THE STEEL industry of Lorraine has proved an unusually fertile training ground for the French luxury goods industry. Not one, but both the joint heads of LVMH

- the Louis Vuitton Moet Hennessy champagne, perfume, lug-gage and cognac group -emerged from industrial careers among the blast furnaces of France's north-eastern steel belt. Henry Racamier was 65 when

he left the steel industry in 1977 to take over the management of Louis Vuitton. In ten short years he transformed the old established family company specialis-ing in high quality luggage into a major international group in the chevalier, a product of France's elite Ecole Nationale d'Administration (ENA), which has groomed generations of top Moet-Hennessy and the Louis French civil servants and politiviitton groups. "The experience in the Moet Hennessy marriage of the Moet Hennessy and the Louis Viitton groups."

moon atmosphere continues to prevail in the discreetly opulent new LVMH corporate headquar Moet and Vuitton much easier

well because we have in both our the merger. At a time when the former groups the same philoso-phy to this business," says the has been swept by a wave of veteran but sprightly Racamier. takeovers and business concen-"We have always sought to keep trations, Moet was anxious to the independence of the different consolidate the control of its capi-

have always regarded our merger per cent of the voting rights.
as a rapprochement getting gradNonetheless, LVMH has contin-

LVMH holding. With sales of FFT of which are need by foreign 13.25bn (£1.25bn) and net profits shareholders) were traded after the group's defences against of FFr 1.34bn (£125m) last year, nearly 100,000 had changed hands the group is the world's biggest the previous day. This compared champagne producer with Moet to an average of about 25,000 bining their respective financial means and developing the affinitive terral other brands. It is also the bourse. The shares also hit a terral control of the new terr number one in cognac with Hennessy and Hine, and a leader in less than FFr 2,000 the week
perfumes and beauty products before.

various components of the new
group, the merger has boosted
the international competitiveness

Louis Vuitton Moet Hennessy

'Getting closer all the time' — but still independent

Paul Betts examines the progress of a merger of two French luxury goods groups

become synonymous with jet set . Tellin

cians, had spent six years with of the Moet Hennessy marriage the Sacilor steel group before he showed that it could work," says joined Moet to engineer the mar-Chevalier, the chairman of the riage between the champagne new LVMH group who shares house and Hennessy cognac in power at the top with Racamier, the early 1970s. executive vice chairman and head of the holding's strategic to the more glamorous and lucra-tive charms of the French luxury his 17 years as head of Moet-Hen-products industry, met exactly a nessy he has never had to vote at year ago to consummate what a board meeting. "All decisions has undoubtedly been one of the have been taken unanimously biggest and most original merg- and have taken into account the ers in France's corporate high opinions of the various majority society. A year later, a honey-shareholders."

ters – a Parisian town house and quicker to put together. near the Invalides. Moreover, there was a twin The merger has gone very defensive and offensive logic to adds. adds. makes us very expensive," says
"There was never any question of one group absorbing the families now control about 36 per other," explains Chevalier. "We cent of the group's capital and 50

ued to attract heavy takeover consolidate his stake while the Indeed, the group is a confederation of companies which are all Last Wednesday, nearly 170,000 leaders in their respective fields shares (there are just over 11m and held together by the new shares in issue, about a quarter LVMH holding. With sales of FFr of which are held by foreign



Alan Chevalier (left) and Henry Racamier: never a question of one group absorbing another

in the new group's wine and spirits operations. Before the

marriage with Louis Vuitton,

Moet was already involved in advanced negotiations with

United Distillers Group, the wine and spirits division of Guinness,

to pool together their respective distribution networks. This

major marketing agreement was completed at the same time as

announced and was immediately extended to Vuitton, which had

volume reflected the recovery of its freedom of action and identhe stock after last October's tity, the new top management of stock market crash. Moreover, the group, working in close conthe company's financial pros-cert with the executive teams of pects this year are very promis-ing making its shares all the more attractive.

But the bourse is also speculat-ing that a major group is buying into LVMH to accumulate a large Anglo/Dutch toiletries and food group, have all been rumoured. There has also been speculation that one of the family shareholders of the group is attempting to shares have also been boosted by LVMH's new acquisition plans in the fashion and wine sectors. But if the LVMH marriage last year was designed to consolidate

with Christian Dior, Givenchy and Roc. As for Louis Vuitton's cold water on the takeover the former Moet and Vuitton traditional luggage and leather rumours, claiming that the rise companies. While each company goods business, they have in the share price and trading in the new confederation retains

doubled our sales in the US to around US\$ 500m a year," he

says.

Moet and Guinness have since expanded their marketing associ-ation. But what is original is that the Moet-Hennessy products are distributed by a separate system to the Veuve Clicquot and Hine cognac products to enable the dif-ferent brands to pursue autonomous, competing sales policies.

There are not at present such obvious synergies in the perfume business of the new LVMH group. Chevalier says the various brands will continue to be run autonomously although the Givenchy perfume business, which came from Vuitton, will now clearly benefit from Moet's major

research facility in biotechnologies, beauty care and horticul-

The merger has also significantly expanded the group's resources for future dev and growth. Indeed, between negotiable securities and credit lines, the group can draw today on an instant financial war chest the various operating subsidiaries, lays down the overall of about FFr 4bn for acquisition strategy of the group.

Probably the most significant example of this strategy has been diversification and development strategy. "We are a global com-pany with about 80 per cent of our turnover done outside France. But we are also a particularly French company with about France," he says, explaining that the group now wants to increase

in Europe and the US. Racamier is looking at opportuthe merger with Vultton was nities to expand the group's activities into the haute couture business - "It is no secret that recently acquired the Veuve Clic-quot champagne business.

Chevalier explains that Moet
had sought the world-wide distriown the Givenchy perfume busi-

Moet Hennessy Louis Yultton SALES BY PRODUCT Percentage change our 1986 Champagne & Wines 4,452 +3.9

+24.0

434,4

+20.4

n/z

3.208

13,247

product so well in Japan if it did rently experiencing an explosive

Cognac & Spirits

TOTAL

Luggage & Accessories

Perfumes & Beauty Care

not have the Made in France 60 per cent surge in sales surprissing even Racamier, accounted for the group's operating wine businesses of the group's strategy to diversify outside France. "I expect that most of our future diversification will be done outside France," says Chevalier. Since the group also have a similar solutions, with their downsides, concluding that the only really effective answer is a database manager data dictionary, which still has the disadvantage of inflexibility.

Managing information systems professionals. F.G. Withington in group also have a similar method of the group's operating professionals. F.G. Withington in group also have a similar method of the group's operating professionals. F.G. Withington in group also have a similar concluding that the only really effective answer is a database manager data dictionary, which still has the disadvantage of inflexibility. says Chevalier. Since the group approach to the group's future can hardly expand any further in growth and diversification. Racathe domestic champagne business, it has invested heavily in must be careful to protect and developing its Chandon sparking enhance the high quality image wine operations in California and of its various individual brands.

Chevalier explains that Moet had sought the world-wide distribution agreement with United own the Givenchy perfume business," he remarks — as well as Distillers to expand and broaden its sales and marketing base. "Five or six years ago we were a big wine and spirits group. But with the low growth of the champagne market, there was a strong trend towards concentration in the wine and spirits business and we risked in the longer term we risked in the longer term becoming very small. Thanks to the Givenchy perfume business, with diversifying into jewellery and sit spanding these activities to Spain and Australia as well as Bazil, Argentina and Germany.

Both Chevalier and Germany.

Both Chevalier and Racamier regard the group's diversified and increasingly balanced portfolio of operations as one of its strengths. Champagne and wine contributed about the same with group's efforts to diversify its contributed about the same with investments geographically. "I'm becoming very small. Thanks to the Givenchy perfume business, which is curious individual brands. Chevalier says that he prefers to Spain and Australia as well as Bazil, Argentina and Germany.

Both Chevalier and Racamier regard the group's diversified and increasingly balanced portfolio of the luxury market. "We must," operations as one of its strengths. Champagne and wine contributed about the same with group's efforts to diversify its contributed about the same with investments geographically. "I'm becoming very small. Thanks to investments geographically." The luggage and accessing these activities to Chevalier and Racamier regard the group's diversified and increasingly balanced portfolio of the luxury market. "We must, be a high class bazaar. We must be very selective in our acquisitions and Germany.

Chevalier and Racamier of its strengths. Chevalier and Racamier regard the group's diversified and increasingly balanced portfolio of the luxury market. "We must, operating and its strengths. The luggage and accessing the same of the prefers to chevalier a

ahstracts

Management

Avoiding the pitfalls in manag-ing distribution channels. A.J. Magrath and K.G. Hardy in Business Horozons (US), Sept/Oct 87 (5

pages).
Discusses the difficulties that arise when a manufacturer wishes to switch his distribution wishes to switch his distribution channels; illustrates the point neatly by reference to Levi-Strauss, an insurance company, Porsche, Taco Bell franchises, Kroy lettering machines and IBM microcomputers. There is a further information reference for each of these cases. Winning strategies for manufac-

Winning strategies for manufac-turers in mature industries. R.J. Mayer in The Journal of Business Strategy (US), Autumn 87 (712

Argues that a successful approach to manufacturing strategy contains three main elements: segmenting operations into strategic units (groups of products with similar manufacturing and marketing characteristics); exploiting manufactur-ing's cost structure to bridge the gap between internal costs and external market demands, and understanding competitors' cost and customer service advantages/ disadvantages; adopting computer modelling techniques to predict outcomes of alternative processes to arrive at the opti-

When the end-users' triumph leaves everyone in the dark. M. Powell in Computer Weekly (UK),

Nov 87 (1½ pages). Explains, clearly and simply. the dangers of departmental microcomputers using data, e.g. producing customer records hich do not match with central mainframe data. Proposes four

Identifies problem areas for systems department – inter alia – inability to match large com-pany salaries, lack of promotion possibility or challenging work. Suggests that these disadvantages can be overcome by flexibil-ity in terms of non-monetary rewards, training, and advocates departments even to the extent of duty tours in production depart-

These ebstracts are condensed from the abstracting journels published by Archar Management Publications. Licensed copies of Management Publications. Licensed copies of the original erticles may be obtained at a cost of EA each (including VAT and p+p; cash with cruter) from Anhur, PO Box 23, Weembey 14/8 804.

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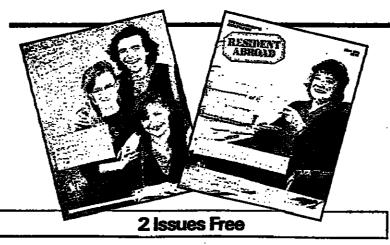
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Some people, it seems, can work absolutely anywhere.



1. A splash of inspiration.

Everyone knows how the Greek mathematician Archimedes made a great discovery in his bath and then tan naked through the streets of Syracuse shouting, "Eureka!" (Thave found it!") At first, it was not clear what he had grasped - except that it had apparently displaced a large volume of water - but Archimedes' Principle soon became universally recognised. (This has since been superseded by Alexander Graham Bell's Corollary, which states that when a body is immersed in water, the phone will ring.)

However, it is not widely known that Archimedes often used to work in unusual places. Indeed, whenever he had bathed, he would cover himself with olive oil and draw mathematical diagrams on his skin with a fingernail. In 212B.C., the Romans captured Syracuse — and the 75-year-old

scholar was found performing calculations in the dust. A Roman soldier stepped on them, causing him to exclaim angrily, "Don't disturb my circles!" - which in turn so enraged the soldier that he drew his sword and killed him on the spot.

Unfortunately, Archimedes left no record of where he perfected his screw.

2 <u>fellow wallowers</u>.

Archimedes was by no means the only person to make a discovery in the bath. In 1978, the French pop singer Claude François discovered that it is not a good idea to change light bulbs while standing in the bath - and promptly became the late Claude François.

Another singer who had a rather happier time in the tub was the great operatic tenor Enrico Caruso. He used to practise in the bath (often twice a day), following the score on a specially-litted music stand while a pianist accompanied him from just outside the door.

The actress Sarah Bernhardt was less modest. She used to make stage plans with managers and authors present in the room as she bathed. However, she did take the precaution of sprinkling powdered starch in the water to make it opaque, which gave rise to the legend that she bathed in milk.

While we are in the bathroom, it appears that few people in history have worked on the tailet, but the man who perfected the flushing loo must have had his seat on the seat for some time in the course of his research. His name was Thomas Crapper.

3. Granny Smiths and gravity. Sir Isaac Newton, arguably the atest mathematician to have lined since Archimedes, seems to have shared the Greek's ability to work anywhere. In fact, Newton himself considered this to be the secret of his success. When asked how he had been able to make so many pioneering discoveries in astronomy, he replied, "By always

thinking about them." His dedication to science became apparent at a very early age. When his nucle sent him out to graze the

sheep, he would often be found later reading under a hedge, quite oblivious of the sheep that had wandered off. Yet far from being angry, his uncle was impressed enough to send him to Cambridge.

In 1665, however, the university was forced to close by the Great Plague, so Newton returned to his mother's house at Woolsthorpe in Lincolnshire. It was while he was sitting in the orchard there that a falling apple led him to discover the law of gravitation - which came as a blow to many people who had been floating around quite happily until then.

On another occasion, Newton invited a friend to dinner, but was so engrossed in his work at the appointed hour that he noticed neither his friend's arrival nor his meal being served in front of him. Rather than let it go cold, the friend ate the scientist's dinner - and when the latter finally broke off from his meditation, he looked in astonishment at his empty plate. "If it were not for the proof before my eyes," he said, "I could have sworn that I have not yet dined."

4. No rest in the restaurant.

The composer Johann Strauss II was also given to working at the dinnertable. He wrote his 'Accelerations Waltz' on the back of a menu in a Vieuna restaurant, and so exasperated his wife with his habit of composing instead of conversing at meal-times that she left him.

Sir Henry Royce, partner of Charles Rolls, is known to have had at least one working hunch in a London restaurant. All through his meal, he was irritated by a creaking trolley. He said nothing at the time - but when the waiter cleaned the table, he found a sketch of a new design for the wheels.

Picasso used his sketching ability somewhat more profitably. He would pay for dinner by doodling on napkins and autographing them, which is certainly preferable to doing the washing-up.

5. Getting rich in the kitchen.

Over the years, there has been no less activity in the kitchen than at the dinner table. The French philosopher René Descartes apparently used to

meditate inside a stove. George Eastman developed the first successful dry plate for photographers among the dinner-plates in his mother's kitchen and went on to begin the Eastman Kodak Company.

Harriet Beecher Stowe was once found kneading dough while holding a pencil between her teeth. She was using every spare moment to write Uncle Tom's Cabin', an antisiavery novel which did much to precipitate the American Civil War.

However, the discovery made in 1845 by the German chemist Christian Schönbein had a more immediate explosive effect. He was experimenting with a mixture of sulphuric and nitric acid when he spilled some on the kitchen table. He duly mopped it up with his wife's cotton apron and hung it in front of the fire to dry. When his

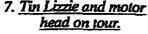
wife returned home, she hit what remained of the roof. Her slightly charred husband had invented guncotton.

6. Notions in motion.

Friedrich August Kekulé von Stradonitz hardly sounds like the average man on the Clapham omnibus, but that is precisely where he achieved his scientific breakthrough in 1858. While dozing, he dreamt of snakes biting their own tails, thus creating rings - and on awaking, he realised he had discovered the structural formula for benzene which he had been trying to work out for years. With this knowledge, all the facts of organic chemistry known up to that time fell into place.

At least two composers have also worked while travelling by road. While driving to work one morning. George M. Cohan wrote the war song 'Over There', for which he was awarded a special Congressional Medal in 1940.

And Noël Coward was in a taxi caught in a traffic jam when he wrote his popular song Til see you again' which is a miracle if his driver was whistling out of tune or droning on about how he once had a trial with Brentford.



The man who popularized motor transport actually started out in a humble shed. By day, Henry Ford was the chief engineer of a Detroit electrical company, but at night he would work for hours in the shed behind his house, while his wife sat on a box watching him. In May 1896, after three years of hard toil, he had his first car ready to run.

He started the engine — and shot out of the shed, across his wife's prize flower bed and into the clothes-line pole, smashing it to pieces.

Undeterred, Ford went on to pioneer the mass production of motor cars with the Model T assembly line - but even after he had made his fortune, the industrious industrialist kept his mind on business wherever

In the early stages of World War I, he sailed for Europe with other eminent pacifists to appeal for an end to hostilities. The plan failed, and Ford's 'Peace Ship' became known as the 'Ship of Fools', but when he arrived back home just three weeks after he had left, he was unrepentant. "I didn't get much peace," he admitted, "but I learned that Russia is going to be a great market for tractors."

8. <u>Dial-a-Virgin.</u>

The ability to work anywhere seems to be a trait common to all successful entrepreneurs.

In the mid-1960s, a 16-year-old boy decided to start a national student magazine. He had no office, but he drummed up £5000 of advertising for the first issue by finding a phone box, opening the Yellow Pages and selling. Very soon, 'Student' had a circulation of 100,000. At the same time, he started an advice service in the crypt of a church, using a slab of marble across two coffins as a desk.

Today, from his houseboat on a London canal, Richard Branson runs Virgin Records, Virgin Books, Virgin Atlantic and ... actually, why aren't they called Virgin Condoms?

In the 1950s, another member of Worksholics Unanimous took a more direct route into the sex market. Hugh Hefner put together the first three issues of Playboy' magazine on the kitchen table at home - and the printer complained about butter stains on his typed copy sheets. Hm.

9. Nye at night.

Taking work home is often necessary, but it can have drawbacks, particularly for the rest of the family.

Aneurin Bevan, minister of health from 1945 to 1951, brought home a caseful of documents almost every night and worked on them in a small bedroom at the top of the house. One night, after slaving away for hours, he called to his wife to bring up a second batch of papers. "No," she replied. "One you may have. But taking two to bed is positively immoral."

Bevan's Labour colleague Harold Wilson later questioned the value of working all night in this way. The greatest asset a head of state can have is the ability to get a good night's sleep," he claimed.

Taking your work home is also inadvisable if you happen to work at the Bank of England - but in such a situation, the next section may prove useful.

10. <u>Brain cells.</u>

Working in prison does not necessarily mean the usual occupations of mailbag-sewing and sheet-knotting.

When Charles Goodyear was imprisoned for debt in Paris in 1885, he was allowed to send out for chemicals so that he could continue his

experiments on vulcanizing rubber. Countless writers of conviction have worked on their sentences behind bars, including François Villon, John Bunyan, Voltaire, Thomas Paine, Oscar Wilde, Adolf Hitler, Joe Orton and the ominously-named Charles Bloodgood who wrote a chess textbook (The Tactical Grob') while in the

penitentiary for matricide. Recently, an increasing number of prisoners have been studying for examinations. (One man actually acquired a total of 49 'O', 'A' and 'S' levels.) However, cynical observers have doubted the value of this trend. When one convicted thief graduated in sociology, it was remarked that, "he'll still nick from anyone - but at least he knows why he does it now."

11.A bed at booktime.

Nye Bevan's wife may have complained about him working in bed but what would she have made of the French writer Marcel Proust?

After his mother died, he retreated to his room and stayed in bed for virtually the whole of his last fifteen years. Cork panels were nailed to the walls and ceiling to exclude all noise, dark curtains were permanently drawn across tightly-shut windows to keep out both light and air, and fumigating smoke filled the room to ease his asthma.

Yet it was in this stifling environment that Proust wrote his brilliant masterpiece 'A la recherche du temps perdu'. It is

not a directly autobiographical work - but it is clear from the very first line that much of his own experience is incorporated: "Longtemps, je me suis couché de bonne heure."

12. Even Stevenson

Robert Louis Stevenson was another writer to suffer from respiratory illnesses - but unlike Proust, he roamed far from home. His story 'The Master of Ballantrae' is remarkable for its evocative



descriptions of South-West Scotland, yet it was actually written in America. Hawaii and Tahiti. Similarly, Treasure Island' was penned in Switzerland, 'Catriona' in Samoa - while Kidnapped' and 'Dr Jekyll and Mr Hyde' were both composed in exotic Bournemouth.

Stevenson even wrote on his honeymoon. One would have thought that he had better things to do, but perhaps these lines from his 'Child's Garden of Verses' express his fears on

"Must we to bed indeed? Well then, Let us arise and go like men, And face with an undaunted tread The long black passage up to bed."

Still, his wife could not have been less attractive than his companion of 1878. (See Travels with a Donkey (1879).)

13. A master painter.

Between 1817 and 1845, the painter J.M.W. Turner made no less than eighteen journeys abroad, travelling as far afield as Naples, Vienna and Prague. This was quite exceptional, even for a landscape artist, for most of his contemporaries made enough notes for a lifetime's output during one or two continental tours.

His mobility was made possible by the recently-improved road network in Europe - and in fact, Turner once referred to John McAdam, the inventor of tarmac, as the 'Colossus of Roads'. Fortunately for us, though, he concentrated on art rather than humour.

He is known to have sketched while on the move - a fellow-traveller ng clouds as they crossed the Aips in 1819 and he obviously worked outside a great deal (his watercolour of Cader ldris is actually spattered with rain).

However, his most unusual workplace by far was on board the steamboat Ariel as it left Harwich one stormy night in 1842. Although he was then 67 years old, he persuaded the sailors to lash him to the mast so that be could observe the scene.

14. The hat on the head of state.

Working in unusual places is all very well - but carrying the relevant

notes from place to place can be inconvenient. Abraham Lincoln solved the problem by keeping his office in his top hat. Whenever he had an idea (on one of his midnight walks around the

White House, for example), he would take a pencil and paper from his hat and write it down on the spot. (He could not use his coat pockets, as his wife had a fetish for white kid gloves and sometimes left six or seven pairs in them.) On his return to his other office, Lincoln would continue his work lying flat on the floor.

Surprisingly, Abe was not the only person to keep things under his hat. His method was also employed by the 19thcentury Scottish naturalist Robert Dick.

15. How to run software anywhere.

Of course, you do not need to get a hat to get ahead. You can get the new 16-bit Epson PC Portable instead.

Being battery-powered, it can be used anywhere from bathrooms to boats (and weighing only 11 pounds, it certainly isn't a pain in the arm to carry around) - yet back in the office, it can be linked up with any of your desktop PCs.

It has an integral keyboard and back-lit screen (which has the same number of columns and rows as an ordinary VDU). It is available with twin floppy disk drives or 20Mb of hard disk storage. Moreover, it is exceptionally fast and will run all the leading business software on the market.

Yet for all this, the PC Portable costs only £1395 or £2195 (RRP exc. VAT), which is quite a bit easier on the pocket than certain other 16-bit portables.

To pick up more information on this new Japanese take-away, either: write to Epson (U.K.) Limited, Freepost, Birmingham B37 5BR; call up Prestel *280#; or ring 0800 289622 free.

Quite frankly, you would be a 19th-century Scottish naturalist to use anything else.



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La traviata/Cardiff

Max Loppert

The New Theatre, Cardiff has been refurbished - where previously there were cramped foyers and seedy passages, space and light (and decent loos) have been elegantly acquired. Inside, there is a smart new plum decor and, on Saturday, a new Welsh National Traviata that showed the company in characteristically adventurous form. The production by Göran Järvefelt raises more issues than it answers. But it moves fast and hits hard – no question here of simply sinking back to enjoy "the work as usual." That's good, and so is the cleanly defined cut of its execution; more than ever, the WNO insists on being recognised as the most European of British opera

companies. Verdi's opera is generally thought of as a personal tragedy rooted in theatrical realism, the most naturalistic of his middleperiod masterpieces. This is how
Peter Hall saw and produced it
for Glyndebourne. Järvefelt's
staging, in the designs of Carl
Friedrich Oberle, takes a strikingly different line. The drama is
realized in a series of images constructed and contrasted with
quite breathtaking brilliance and
confidence of style: the same
milieu, a shiny-black box, is varied to disclose four different
modes of Violetta's existence.

Colours are severely rationed most naturalistic of his middle-

- white, black, and red dominate is a serious, hard-working cipher. (father Germont in a grey Barry Mora's Germont senior is three-piece suit is one of the few to break the colour-coding, to strong effect); lines are hard and The smaller parts are without straight, and the placing of each exception undersung. The sense chair, each flower, is important. that Verdi achieved his dramatic Oberle has created a world of trepower out of unadorned vocal mendous chic, brittle, heartless, expressiveness was less than and sexually ambiguous, whose overwhelming at Cardiff on Satshapes and artefacts draw on a urday.

"designer's Paris" of the 1930s, heavily influenced by contemporary photography and fashion — one half expects to see Cocteau, Mackertas. I had heard several one half expects to see Cocteau, Mackerras. I had heard several Jean Marais, Chanel, and Brick-Mackerras Traviatos before this

top at Violetta's first party. Parallels with Visconti's now-authoritative in scale, manner, retired London *Traviata*, in Bear-and dramatic purpose. He is not dsleyesque black and white, come afraid to "think big" where situadsleyesque black and white, come afraid to "think big" where situate to mind but are irrelevant, since tion and musical form require it the purpose here is to poise the opera in a visually seductive, cabalettas (notably "Sempre libmorally empty no-man's-land in which the destruction of Violetta's fragile hopes becomes inevitable. In the foreground, Järvefelt and his cast play the personal and his cast play the personal meditations show ideal intimacy confrontations with a lean, hard focus, spare of movement, all of a verdi conducting of rare quality, piece with a staging intensified in tactile and textural impact and

denuded of realistic detail. It is a production of great boldness, and even in those moments where (to a prosily literal-minded observer) its effects jar with the text or with Verdi's libretto instructions, one salutes the taut conceptual intelligence behind it. conceptual intelligence bening it.

I found the performance unmoving: this had, I think, to do with its relative diminishment in importance of Violetta's blazing struggle against a particular society and its values – the progressive ravages of her disease are unusually hard to detect. But, more to the point, the production more to the point, the production would seem to demand a principal trio of the most potent vocal and dramatic personality, a principal trio of the most charismatic intensity, in order that its balance of trio and substance be ance of style and substance be carried off – and this, it seems to me, the WNO have falled to sup-

ply first time round. The Violetta is Susan Patter-Colours are severely rationed both verses of his Act 2 cabaletta,

one, but none more unarguably

Jenufa/The Place

Rodney Milnes

duction of Jenufa was first per-Hurley, whose fearless, techni-formed in the Autumn of 1986, cally bravura playing almost per-and news of its exceptional quali-ties soon filtered south of the bor-a Janacek orchestra was there der. Its reputation is fully a stunning achievement. The deserved: last night's perforpiano itself is part of Ashley Marmance at The Place, part of the tin Davies's economical and admirable London International atmospheric set, spectacularly lit Opera Festival, was one of the (no credit in the programme - most profoundly shattering theat Mr Richardson?). The cast, when rical (not just operatic) experi- not singing, sit behind it, providences it has been my good for- ing an appropriate hint of ritual tune to encounter for many a and communal drama.

There is no hint, however, of

cek's genius, it goes without say. singing, which is uniformly ing, which encountered at such excellent. The seven soloists, close quarters brands the very soul; the opera is sung in the language of the audience, and the fact that the Kraus/Downes translation is showing it age (32 years) pales into insignificance beside the intelligence and combeside the intelligence and commitment with which it is enunciated (this puts Glyndebourne's crass decision to perform Katya in Czech with an Anglophone cast into humiliating perspective); the brilliance, invention and directness of Matthew and directness of Matthew golden sound needed for Steva. Richardson's direction and an exceptional cast.

The company's performances Thursday, and Edinburgh on Sature Piano-accompanied. Praise is a stage, nevertnetess flas the golden sound needed for Steva. In the commissioned by Lontano melodies may erupt at any time, paum or the music may just as likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likely ten, and receiving its first performance in the music may likel

Scottish Opera Go Round's pro- due first and foremost to Brenda

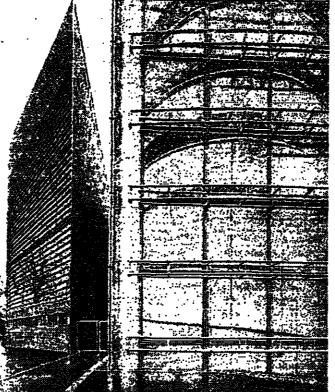
workshop or fit-up tour about the doubling roles and indeed chorus parts (the reduction is accomplished with mature understanding), are led by Virginia Kerr (Jenufa), a lyric soprano of power with natural dignity on stage and luminous personal beauty, Linda

Architecture/Colin Amery

Experimenting with space

There is a wonderful opportunity in London at the moment to see a masterpiece of contemporary architecture by one of France's leading architects. Little known outside his own country and exhibiting for the first time in the UK, it is right to call Jean Nouvel a polemical innovator, and if you cannot visit his Insti-tute of the Arab World in Paris. see the display of material relating to this building at the 9H Gallery (26 Cramer Street, London, W1 closed Mondays, open until 8pm Thursdays; tel 486 3555). His work is firmly in what we

now have to call the Modern tradition, but he simply does what-any serious architect does: he explores his brief and utilises every opportunity for innovation and experiment. Because his architecture uses the vocabulary of high tech it would be easy to include him among the older architects like Norman Foster or Richard Rogers, but in fact he is much more interesting because he is much more experimental. The entry for the Tokyo Opera which is on show at 9H shows a powerfully radical approach, one which is almost shocking, yet stirring. He challenges ideas about what constitutes architec-tural space, and he utilises the techniques of building in ways that are both constructional and compositional. He is not playing



Jean Nouvel's elegant buildings for the Institute of the Arab World in Paris

the esoteric games of some American architects (I think particutory); and his work has the serious advantage of the support of French logic.

At the remarkable Institute of the Arab World on the left bank of the Seine Jean Nouvel seems that work and innovative. The actual form of the main that work is not paying the esoteric games of some American architects (I think particutors to have broken through one of His great glass wall, with its major barriers of modern screen of opening and closing design. He has made the functional elements, the machine and a reminder of the carved into something which is poetificatively in the Middle East.

such elegance makes somewhere like the exterior of London's Lloyds Building look like the unsophisticated work of a child.

Working in the great tradition of Chareau, Jean Nouvel is clearly a master. The coarse old fashioned Modernism-turned-Beaux Arts that we are going to see built at Canary Wharf pal into complete irrelevance besides the technical assuredness of his work. I hope that one of the more enterprising property developers will snap him up and commission a major technical triumph from him in London, or an inner city Enterprise Zone; but he should first check on the cost of the Arab Institute, which is one of the generous French Government's Grands Projets. Expensive but worth it but worth it.

In quite another vein there is time to catch Topiary, Trellis and Temples, a history in prints and drawings of garden views and garden buildings 1650-1825 at the Henry Sotheran gallery in London's Death of the catches don's Pimlico Road. I loved the French Promenades Aeriennes and the opportunity to see some eighteenth century Russian mate

At the Royal Festival Hall the work of the architect Walter Segal, who died in 1985, is shown in a small exhibition that shows the care and trouble he took with his housing design and his sym-pathy for his clients. He was practising community architec-ture long before it was invented and not for nothing is this exhibition entitled An Architecture of Understanding.

Times In It/Abbey, Dublin

Michael Coveney

Ruders/Elizabeth Hall

Andrew Clements

With the long forgotten (now we know why) Irish Restoration live among my dead") and lovely comedy St Slephen's Green continuing on the Abbey's main stage, the curtain of the subsidiary Peacock theatre was rung unquenchable, hermaphroditic down on Saturday night on three superb short new plays by Frank McGuinness.

superb short new plays by Frank McGuinness.

It is exhibitating to see this dramatist in fiercely unbuttoned mood after the reputation-making poetic density of Observe the Blood casts the monologuist of Sons of Ulster and the allegorical complexities of his Caravaggio play. Times In It, a triptych of escape and exile, comprises an elegiac poem for dead terrorists, an Expressionistic slice of acrimonious family drama, and a joyfully whacky hid for sexual freedom that begins, irresistibly, with the line "I wonder, did Dana really find God?"

The first, a seven-minute

Mother Ireland in the wake of recent incidents and outrages. You feel this item has come scalding off the presses. The second piece, Flesh and Blood casts the monologuist of the first, Gerard McSorley, as someone bent on expatriation. Noel's sister, Marta (Fedelma monious family drama, and a joyfully whacky hid for sexual freedom that begins, irresistibly, with the line "I wonder, did Dana really find God?"

The first, a seven-minute

The first, a seven-minute ken and nobody touches each monologue for a dead man in a other. A skipping rope is leather jacket (Gerard McSorley), exchanged for an axe, and the air takes its litanical cue from the is heavy with filial resentment. sardonic title Feed the Money and Marta considers poisoning the Keep Them Coming. The revenant soup but is thanked only for exchanges, well directed (as is is a ghost-like rock of Gibraltar being ungrateful: "Will you not the monologue) by Caroline Fitzwho cries for burial in Dublin give me a steak when I gave you gerald, McGuinness himself

Descriptive titles are evidently de ing efforts of Oliver Knussen and rigueur for any London concert the London Sinfonietta. The more by Lontano nowadays. Thursone hears of his output, the more day's in the Elizabeth Hall was his seems one of the starkly origithe second of the series "The nal creative voices of the younger is a piano concerto in all but Eclectics and Beyond", though European generation, inhabiting name, the first of a projected what really lies beyond eclectic disturbing expressive world all sequence of three single-move-cism is never made entirely clear of his own His musical language ment concertos that will make un



Maureen Toal in 'Flesh and Blood"

After these tense O'Neillian

ment concertos that will make up a massive concerto grosso. It

plays for roughly half an hour

with keyboard writing of quite violent virtuosity, confidently dispatched here by Poul Rosen-

baum. Some of it seems overwrit-

ten, and the work is fractionally too long, but its stark sequence of theatrical gestures and baleful

impressive textures linger in the

directs the explosively funny Brides of Ladybag. A gay teacher, Tommy (Peter Holmes), who has lost his job, berates another matriarchal tyrant, Grace (Miss Toal, resplendent in her Carmen costume), for coming too noisily to his public defence. "It was very good of you to set the school

The maternal strings are cut by Vince (Mr McSorley), an American whom Tommy has knocked off his bike and who proves a more than adequate match to the singing Mum. There is the prospect of a new kind of marriage in the family. And all along, Dad was really Elvis Presley, whose drooling imprecation "Love Me Tender" closes the

The playing here is delightful, and Miss Toal wrings the sketch of every possible variation on the mother and son dilemma, from unguarded criticism ("There's a liked") to contemptuous disclaimers and fractious, protective con-cern. Lovely stuff, shot through with a baleful Irish melancholy.

Its predominantly sombre mood was superficially at least in

sharp contrast to the Ruders piece with which Lontano and their conductor Odaline de la

Martinez ended the concert, the

Four Dances in One Movement which he wrote to a London Sin-

ago. Its artful weaving of moods

and textures may suggest a dif ferent side to the composer, but beneath the springing rhythms there is no genuine lightening of being; the dances are frenzied,

trying desperately to be happy, and in their own ways create just

Sponsorship

The appeal of opera

Antony Thorncroft

ek. This was the Australian Mafia in action - Alan Bond ral-lying round Dame Joan Suther-land in her last Covent Garden

In future sponsors will pay ideal for employee family days.

Of course there is a snag. Linking your company name with an institution devoted to the history of war requires some nerve, even recent sponsors of new produc-tions have got away with £50,000, though the Museum will ensure or even less, as the fund raisers despaired of securing any aid Now companies will be expected fully projected in one gallery. Dr Now companies will be expected in the gallery. Dress to carry the whole cost of new Borg also realises that while the productions, down to extra V & A and the Tate have been rehearsal time. Since Jeremy generously supported by Japaneses intends to mount up to ten new productions a season as he not open to the IWM. But he feels completely rebuilds the reperture of least to he associated to the season involved in new to be tack facing Covent Gar. be appreciated.

announce a scheme for corporate pared to sell itself.

friends which is expected to raise

is being courted. Arts bodies are ing contingency plans.

Starting to appreciate that there

Traditionally the brewers have

opera. It is the American way although there are much bigger tax advantages there.

Opera has always appealed to sponsors. It has created two of the longest love affairs in the business. The Midland Bank's aid for the Covent Garden proms, which over seventeen years has pumped more than film into the Opera House, and Amoco's tenyear support of the Welsh National Opera which, by paying for advertising and marketing, will enable it to present Folstaff at Covent Garden in October.

But overa has heen glower to the welsh national Opera which, by paying for advertising and marketing, will enable it to present Folstaff at Covent Garden in October.

But overa has heen glower to the tweeth puls and upstairs drama venues. While Michelob, the American beer, is testing the water by putting money behind Ballet Rambert's forthcoming season at Sadler's Wells.

Now Moosehead, the Canadian export beer, is linking itself with the Bright Young Things - linking itself with the Cambridge Footlights, to the tune of £8,500. With the beer money the Footlights can tour this year's show, which opens tonight at the Arts in Cambridge, around the country. Moosehead must hope that one of the six-

National Ballet which is appear- the Footlights, ing at Covent Garden this sum- A more tradi ing at Covent Garden this summer. She plans to raise 2300,000 from just one gala evening performance of The Sleeping Beauty into its local orchestra, the Hallé. On July 26. The dance company For three years Bass supported a gets 60 per cent of this, but there is over £100,000 coming to the Royal Opera House Development from the Australian Establishment, which is paying up to throughout the north, starting ment, which is paying up to throughout the north, starting £1,000 a ticket, must be glad that with Manchester on June 24th.

By far the most interesting dramatic performance of recent weeks was the debut on Tuesday of the general director of the Royal Opera House, Covent Garden, Mr Jeremy Isaacs. Ris first public vision of the future was the perfect rejoinder to Sir Peter Hall's celebrated "coffee table" speech when he led the arts establishment into battle with the Government over its inadequate funding.

Mr Jeremy Isaacs his first programmed campaign to find a company prepared to invest \$1.5m in the museum over the next six years. In return they get a link with an institution which believes it is ploneering ahead of its reluctant competitors.

The Government favours muse-

setablishment into battle with the Government over its inadequate funding.

Mr Isaacs basically sald that he could not envisage any rise in public subsidy in the foreseeable future, so the arts just had to shift for itself. This meant securing higher box office revenue and more money from individual and corporate sponsors. Between 1983 and 1990 Covent Garden's subsidy would reduce from 55 per cent of its income to 45 per cent. And by 1990 its revenue from sponsors was scheduled to double, to 10 per cent.

Mr Isaacs' views carry weight because Covent Garden is by far the largest arts institution in the largest arts institution in the largest arts institution in the largest recipient of sponsorship.

If has had its problems raising extra money in recent years but now it has beefed up its marketing force. The first fruits can be revealed: Reed International becomes a first time sponsor, contributing a massive £150,000 to pay for a new production of Il trovatore. In addition BATs returns with six figure aid for Coss fan tutte. Another new supporter is the Bond Corporation which put well over £100,000 into Anna Bolena, which opened last week. This was the Australian Mafia in action — Alan Bond rai
message it is ploneering ahead of believes it is plonering ahead of its provents and to approaching to approaching the liw is proventing propertion. The Government favours muse
ms that help themselves. The Educant compelitors in the sponsor in the man to a film which it can display programmes and rock
ets. as well as galleries which will be crammed with interactive display programmes in the man
nore of Disneyworld.

It has raised \$4.5m towards the modernisation, thanks to generally the woll of the record of £1.5m and if a matching sum can be revealed: Reed International becomes a first time sponsor, contributing a massive £150,000 to pay for a new production of Il trovatore. In addition BATs returns with six figure aid for Cost fan tutte. Another new supporter is the Bond carporation which put well over £100,000 in

ing clients; the out stations at the Cabinet War Rooms and HMS Belfast as well as the main building in Southwark, which was the old Bedlam asylum. In addition there is the aeronautical out-station at Duxford, which would be

toire, the task facing Covent Gar-technology, or keen to be associ-den's marketing department can ated with the education of youth, or just concerned with an accu-More money will be needed rate presentation of a regretably than can be gathered in from the large chunk of the 20th century, sponsorship of productions. In should at least view the skilful the autumn the Opera House will evideo that the museum has pre-

an extra £500,000 a year. A range You only have to be mildly cyni-of relationships will be offered, cal to suggest that the recent varying in cost from £500 to interest of the brewers in arts 230,000. Covent Garden will sponsorship might have some-doubtless take to heart the expe-thing to do with the appearance which launched a similar exer- to restrict drink advertising to cise in April, with much lower save the nation's health — and "admission" charges, and was its footballing reputation. Just as flooded with approaches from the tobacco companies moved companies who recognised a bartheir marketing money into spongain: it must wish it had raised sorship as advertising restrictions on their products took But it is not only business that effect, so some brewers are mak-

is more personal wealth sloshing hunted the young – hence Harp around. The British Museum, lager's support for pop concerts, which is taking a measured which is taking a measured with the wide range of imaginawhich is taking a measured and the wide range of imagina-approach to raising outside tive Beck beer sponsorships, such money, is pursuing the idea of as the Glasgow MayFest, trendy private supporters, and Covent Charringtons is continuing to garden is developing a product to Charringtons is continuing to appeal to rich individuals who back the fringe theatre awards, would enjoy being patrons of the preserving the still lively links opera. It is the American way — between pubs and upstairs drama lithough there are much himse venues, while Micheloh, the

must hope that one of the six-But opera has been slower to strong company will become as cash in on its social prestige. famous as John Cleese, Jonathan Lady Primrose Potter is the Miller, or Griff Rhys-Jones, who money raiser for the Australian all died the death appearing in

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> > **FINANCIAL TIMES**

Arts Guide

June 3-9

LONDON

Reana Cotrubas (soprano) with Georg Enescu Chamber Players: Enescu. Wigmore Hall (935 2141).(Mon). Suk Chamber Orchestra from Prague, directed by Josef Suk, violin: Moz-art. Haydn, Janacek and Dvorak. Barbican Hall (Mon). (638 8891). Idil Rivet, piano. Cesar Franck. Ravel, Beethoven/Liszt. Wigmore Hall (Wed).

PARIS

Orchéstre National de France, conducted by Rudolf Barshal, Shlomo Montz, violin: Beethoven, (Mon) TMP-Châtelet (4233444).
Claudio Artau, piano. Beethoven, Lisat (Mon) Salie Pleyel (456 38573).
Shura Cherkassky, recital (Tue) Salie Pleyel (4563873).
Ensemble Orchéstral de Paris, conducted by Jacques Houtmann, Guy Touvron, trumpet: Lekeu, Nikiprowetzky, Haydin, Mendelssohn (Tue) Salie Gaveau (45632030).
Basemble Vocal Jean-Pierre Lore, Orchéstre Français d'Oratorio conducted by Jean-Pierre Lore. Salieri (Tue) Saint-Roch Church (42513038).
Barbara Hendricks, Andras Schiff Recital (Wed) Théâtre des Champs Elysées (47203637).
Galbeukian Foundation's Choir and Orchestra, conducted by Michel Corboz: Messiah (Wed) TMP-Châtelet (4233444).

(4233444). Royal Philarmonic Orchestra, Vladimir Ashkenazy, conductor and plano: Mozart, Brahms (Thur) TMP-Chatelet (4233444).

FLORENCE

51st Maggio Musicale Florentino, Tea-tro della Pergola, cellist Gustan Lenohardt: Bach, Rameau, For-queray and JH D'Anglebert (Tue) (2779236).

ROME

anything in the concerto.

Auditorium in via Della Concilia-zione, Kenneth Montgomery con-ducts with Shirley Verrett, Margaret Marshall and Gino Quilico: Mozart, Purcell. (Mon and Tues) (6541044). Oratorio del Gonfaione I Musici playing works of the Neapolitan and Venetian schools, (Via Del Gonfa-lone 32A), (Thur). (68.76.863).

bouw. Accompanied by Hartmut Holl: Schubert (Mon) The Wind Ensemble of the Orchestra of the 18th Century: Mozart (Wed) (718

245).

Benrs van Berlange (Stock Exchange, Damrak). The Asko Ensemble conducted by Oliver Knussen, with new works by Simon Bainbridge, Steve Martland and Knussen, and Colin Matthews' Suns Dames (27 11 61).

NEW YORK Walker, Bo & Carmel, Fluts, violiti and cello recital: Bach, Telemann and Beethoven (Wed 12.30 Free) Juliliard Concerts at the IBM Gar-den Plaza. 56th & Madison.

WASHINGTON National Symphony, Matislav Rostro-povich conducting, with Choral Aris Society of Washington directed by Norman Scribner and Oraturio Soci-ety of Washington directed By Rob-ert Shafer: Mahler (Tue). Kennedy Center Concert Hall (254 3776).

CHICAGO

Chicago Symphony, Kurt Masur con-ducting: Haydn, Shostakovich

Saleroom/Antony Thorncroft King Billy memento

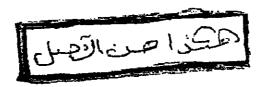
King William III is not held in great reverence by the Irish, at heast not by those living south of the border, so Christie's has something of a rarity on its hands tomorrow when it is offering a "Williamite" glass probably made in Dublin around 1720.

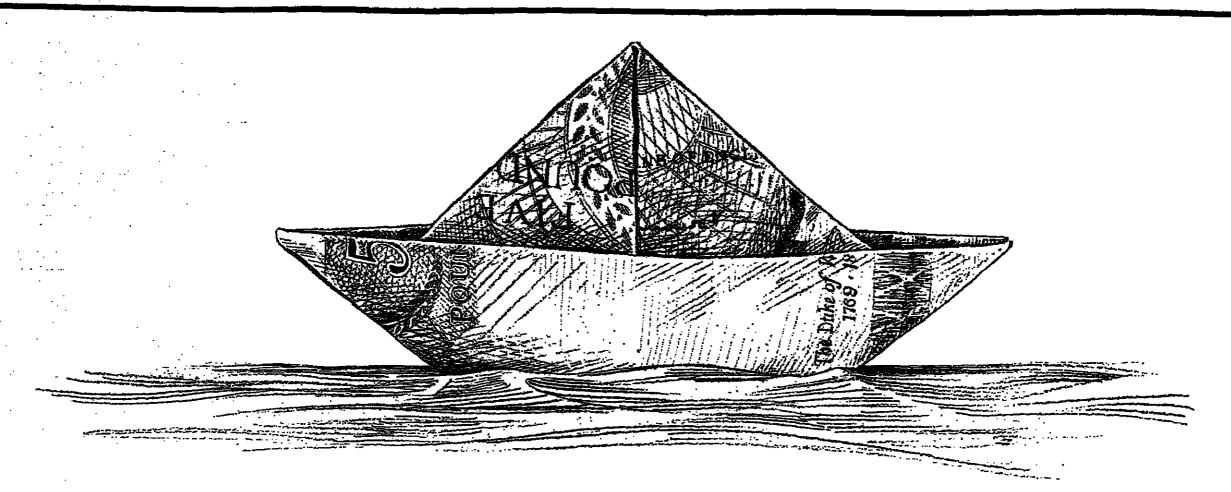
These glasses, engraved with portraits of the King and Queen Mary, were made to commento-

Mary, were made to commemoAngustus, including a self por-Mary, were made to comment and strain one of Dorelia, his wife; and trail; one of Dorelia, his wife; and

rate the Glorious Revolution of 1688. This example, trumpet-shaped and unusually large, is the only frish-made goblet known to have survived and a price of up to £20,000 is anticipated.

On Friday Christie's should the camen Town artist Spencer of the Albarobra Music Hall establish a new auction record Gore of the Alhambra Music Hall





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Monday June 6 1988

Creating a new **Opposition**

to Britain's Conservative Government is beginning to emerge. It is too soon to judge whether this summer's leadership elections and accompanying changes of policy in the Labour Party or the selection of a leader for the new Social and Liberal Democratic Party will give either faction suf-ficient impetus for success. Yet it is already clear that both parties are struggling to find a platform that includes support for the market economy as well as a commitment to social welfare. (Dr David Owen has yet to demonstrate that his "continuing" Social Democratic Party has the potential for expansion into a sig-nificant political force.)

Under Mr Neil Kinnock the Labour Party has already moved a considerable distance from its 1979-87 position on the far Left of British politics. It has virtually abandoned its famous "Clause 4". with its commitment to the national ownership of the means of production. It is now speaking of regulations and controls rather than the direct management of vast enterprises by state bureaucracies. It no longer proposes to squeeze the rich until the pips squeak - it is looking to a restoration of the top rate of income tax to somewhere around the 60 per cent that prevailed until April 5 this year. It still speaks for producers, but now also voices concern for consumers. It has at long last accepted the reality of Britain's membership of the European Community.

Key areas

These statements of principle take Labour some way towards its immediate objective, which is to rid itself of unpopular policies, so that it stands a chance of winning an election if the Government falters. If Mr Kinnock wins a decisive victory over Mr Tony Benn in the leadership contest the public will receive yet another message to the effect that the Labour Left has been

Yet unpopular policies remain, particularly in two key areas. First, the party's relations with the trade unions are anachronistic. While it is seen to be in the unions' thrall the likelihood of its return to power will remain low.

A NEW PATTERN of opposition of unilateral nuclear disarmament, consideration of which has been put off for at least another year, is not credible. Yet here a slow approach to the policy review is understandable while so many questions are being raised by the steady improve-ment of relations between the Soviet Union and the United States. More questions will follow if Mr Michael Dukakis becomes the next US President and the nuclear stance of the West is re-

> examined. The upshot is that it will be some time before Labour is ready to move to its most optimistic objective, which is to offer a set of policies that would be intrinsi-cally more attractive than those offered by a Conservative Government that entered the next election looking both successful and in good form.

Defence policy

Meanwhile the Democrats are reparing to do precisely that. With the important exception of defence policy they have little of the vote-repelling baggage car-ried by Mr Kinnock. Their first task is to elect a new leader. The two serious candidates are Mr Alan Beith and Mr Paddy Ashdown. The latter is thought to look better on television; the former has the longer political pedi-gree. On grounds of appearance, which are of some importance in modern politics, Mr Ashdown is probably the better choice although it remains to be seen whether he can articulate a coherent social-democratic philosophy in a way that the previ-ous Liberal leader, Mr David Steel, failed to do.

The Conservatives would be mistaken to view all this as a no-lose situation. It is true that if the Democrats do badly many of their supporters will move over to the Tory camp where it counts, in the Midlands and South. It is also the case that if they do well, the Opposition as a whole will become more divided. But the Tory position would be weakened if the economy took a sharp turn for the worse. And in the long run a widely-supported opposition party with a policy no further from the Conservatives than US Democrats are from US Republicans would stand a

Backward steps in Singapore

THE ISLAND state of Singapore ingly hostile attitudes to the foris one the world's more remark- eign press are intertwined issues able post-war successes. Its achievement owes much to the vision and single-minded drive of one man, together with the disci-plined hard work of a multi-ethnic but predominantly Chinese population now numbering 2.6m people. Mr Lee Kuan Yew, leader of Singapore since 1959, has generally been one of Asia's more paternalistic, if severe, leaders. It is regrettable to see him becoming less rather than more benign he prepares for the succession to his long tenure as Prime Min-

During the past 18 months Mr Lee's government has acted in ways which suggest it is becoming over-sensitive to criticism and insecure. Harsh crackdowns on both the foreign press and domestic political opposition have combined to give Singapore a repressive image abroad. Mr Lee's message to the younger leaders awaiting his mantle seems to be that only very tough government indeed can protect singapore from political forces that might undermine its

achievements. This nervous introspection has had wider ramifications, the most serious being a rift with the US, Mr Lee's staunchest friend and ally. The First Secretary at the US Embassy in Singapore was expelled last month for allegedly interfering in Singapore's inter-nal affairs; he is said to have encouraged some individuals to "have a go" and stand in the next general election. The US expelled his Singaporean counter-part from Washington on a tit-for-tat

Related incident

Mr Lee backed off a little last week, suggesting an independent tribunal to examine the complaint against the US. However, the US is unlikely to agree and this may provoke more anti-US

feeling in Singapore.

In a related incident Mr Francis Seow, a former Solicitor General and former President of the Law Society, was detained "for purposes of investigation into for-eign interference in Singapore's internal affairs" and his finances

eign sources.

The unhappiness about political opposition and the increasing singapore.

cal opposition and the increasing singapore.

in Singapore. All appear to stem from an intolerance of criticism and fear of alternative viewpoints

Four foreign publications have had their circulations cut drastically under the draconian powers of the Newspaper and Printing Presses Act. This allows restric tion of sales or distribution of foreign publications which have been declared as having engaged in the domestic politics of Singa-pore. The four are Time, Asiaweek, the Far Eastern Economic Review and the Asian Wall Street

Foreign press

Mr Lee stated his view of the foreign press unequivocally in a speech to the American Society of Newspaper Editors in Washington last month: "Circulation in Singapore is a privilege granted by the Singapore Government on our terms. The terms are that they should report as outsiders for outsiders, i.e. do not become a partisan in our domes tic debate. If they do not want to accept these conditions they do not have to sell in Singapore." The problem with this is that

the Government has taken on itself to determine what is of legitimate interest to the foreign press. This cannot be reconciled with Singapore's democratic cre-dentials and it is difficult to accept that it is in Singaporeans' own best interests to be restricted to "insiders" views about their country. It is particularly inappropriate for a country with a highly educated popula-tion and an economic profile

There is an imbalance between There is an imbalance between Singapore's open economy and a restrictive political climate. The prime minister clearly sees Singapore as a delicately balanced society which still needs careful nurturing and strong central guidance. But the country could better improve its resilience by society which still needs careful nurturing and strong central guidance. But the country could better improve its resilience by reducing rather than increasing the protective layers. Attempts to suppress the free flow of informa-tion, opinions and political disare being examined, apparently sent tend eventually to generate to check for any US or other for explosive internal pressures for change which, if not satisfied,

The European Market

Engine emissions

Ploughing a furrow to 1992

"WE WANT IT to happen, it needs to happen. But will it? Opening up the market in 1992? We think it's going to take a lot longer than that. Hell, we know it's going to take longer than that."

Mr Dick Seagrave harbours many of the misgivings of fellow Americans about the willingness of Europeans to tear down national barriers to free trade in time for the European Commu-

nity's target date. He is in a better position than most to take a swipe at the Euro-peans. As manufacturing vice president in Europe for JI Case. the big US farm tractor maker, he endures every day of the working week the difficulties of producing machinery for a fractured European market.

The case of the humble farm tractor epitomises the quagmire separate specifications. national legislative codes and rules which divide Europe, even for makers of a vehicle whose basic design has not changed for

Discussions under way to make it easier to sell this workhorse across national frontiers also underline the complications and resistance to change that must be faced. Few managers in the industry doubt that in four years' time the European market will still be hampered by man-made constraints to free trade.

Things will be a lot better by then, but I cannot envisage that in 1992 everything will be sweetness and light because it won't be," says Mr Vic Greaves, technical legislation and engineering standards manager in Europe for Massey-Ferguson, the Canadian farm equipment company. "What I can say is that, as we go into the 21st century, one would hope to see barriers really removed."

Mr Greaves should know what he is talking about. The company he works for, like its competitor Case, has centred most of its worldwide manufacturing capability in Europe, sells in a dozen European countries and Mr Greaves is on the technical committee of the European farm machinery manufacturers associ-

Some in the industry are not as caustic as Mr Seagrave. Progress has been made so far on half a existing differences are being sion and chassis of a tractor is resolved. But problems are pretty well accemiable dozen new EC directives related

One type of tractor - those capable of travelling at more than 18.75 mph, which are becom-There is talk of giving newer ones for operator seats, windmembers like Portugal dispensation for several years until they

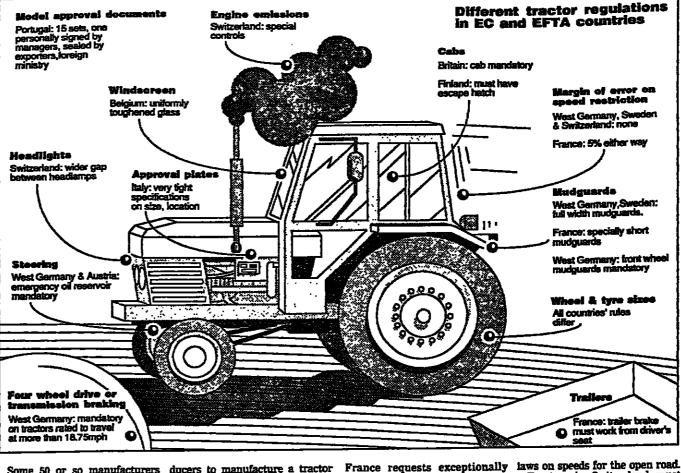
Walls of extra requirements

Walls of extra requirements

Walls of extra requirements

Walls of extra requirements others complain are hidden pro-

Then there are the lawyers. There will be struggles on the nterpretation of directives after 1992," says Mr Greaves. "Some will try it on. There will be test cases after the date."



Some 50 or so manufacturers are scrambling for a slice of the European market in 200,000 tractors are sold every year. About 25 mainstream manufacturers and a gaggle of lesser names (there are 12 tractor producers in Spain alone) have manufacturing sites in Western Europe.

Some producers - like the three big North American companies hased in the UK, Ford, Massey and Case - have a relatively broad geographic spread of sales. Others, including some large producers, are much more depen-dent on individual markets. Flat, for example has 45 per cent of the Italian market and 18 per cent of the French market but much lower penetration elsewhere.

series of minimum standards has been in force across the EC for a long time. They range from those ing increasingly common in covering engine noise, steering, Europe – is actually excluded maximum weights, braking capafrom the detailed directives. bilities and exhaust emissions to

changes. The West Germans are by national governments under Mr Seagrave. showing signs of wanting to pressure from indiginous tractor A few exaretain some of their specific engi-producers craving protection in a point. For mudguards, the stan-neering requirements, which bitterly competitive and satu-dard width requested almost they claim are safety features but rated market. West Germany, everywhere covers 60 per cent of with three sizeable national trac- the tyre width for use on the tor makers, Deutz, Fendt and road. But West Germany and Mercedes, has probably more Sweden require full width cover-"special" requirements than any- ing. West Germany alone

these barriers across Europe is also requires them on tractors that it is difficult for some pro- that travel at more than 15 mph. rear, partly to cope with different

ducers to manufacture a tractor that will sell in more than two or three of Western Europe's 17 or so national markets without significant engineering alterations. Massey says that if you take just seven of these national markets in and outside the EC - the UK, France, West Germany, Austria, Sweden, Finland and Switzerland - at least 34 special

Europe can do, at a pinch, with open safety frames. requirements are in place. A study by Massey in the early 1980s showed that the cost to the company of gaining type approval in France for one range of 20 tractor models was £300,000. All these extra national

ened" or laminated glass is accepted by everyone for wind-screen glass on vehicles that do not exceed 20 mph. Everyone, that is, except the Belgians who demand glass that is "uniformly the lating have a number of the straight from the driving seat. Headlights are no problem, requirements must be met before unless you are selling in Switzer-In the first of a series of

background articles on the EC's move to a single market in 1992, Nick Garnett explains the doubts of tractor manufacturers

or given type approval. "I had not ally wider gap between the head-really heard of homologation lights, which results in some can come to terms with the have been erected over the years before I came to Europe," says tractor makers having to replace

A few examples make the where else. requires front wheel mudguards
A mark of the significance of for all tractors, though Austria

their standard rectangular headlights with round ones. The Swiss also have special emission control regulations.

short mudguards.
Tractors for sale in West Ger-

many and Austria must have an

emergency oil reservoir for the steering system. Britain requires

cabs on all tractors; the rest of

What is known as "zone tough-

All tractors sold in West Germany which are rated to travel at 18.75 mph or more must be fitted with four-wheel drive or transmission braking.

All markets have their own variations in wheel and tyre sizes and configurations, front and approved by the Foreign Office in the supplier country. A mark of how tortuous early

discussions have been on har-monisation is that a series of more than 20 directives on trac-tors in 1974 have yet to be fully agreed and implemented. The common standard of having the common standard of having the first step of the cab set at 21 inches from the ground took about nine years to introduce. The French had to be threatened that the had to be the agreed to be the standard to be the with legal action before agreeing to a common standard for the driver's seat.

Massey's Mr Greaves says progress is being made on break-ing down the remaining barriers. Most of the separate national design requirements will, indeed, be abandoned, if not by the end of 1992, then a year or so later. But that success would still leave a number of issues unclear. High speed tractors, which are

widespread in West Germany, are not included in the specific directives though they will be in a general machinery directive. Tractor makers disagree about how tight this will be.

Some producers, for example, believe that the West Germans, or anyone else manufacturing these tractors, will still be free to require special features - including those German mudguards -long after 1992.

Then there is the question of what happens if the market does open up quickly and an impor-tant national producer takes an immediate beating. Flat, with its dominant position in Italy and therefore with a lot to lose, stresses that it is as committed as

Tractors in Switzerland must

not be able to travel faster than

15 mph. In the Netherlands you

can drive at more than 25 mph. The Germans, Swiss and Swedes

allow no margin of error for trac-

tor makers in restricting the

design speed of their models. The

French give manufacturers a lee-

way of 5 per cent either way. On the other hand, if you are fitting

The Italians have a number of

there must have a roof-mounted

Paperwork in Europe that goes

with homologation is nowhere

near as awkward as it is for some export markets. Selling a West-ern-made tractor model to the

Janariese requires up to a year of

homologation testing and paper-

supply microfilm of every compo-

nent, leading to the usual welter

test requirements are the same

across Europe, there are hig dif-

ferences in red tape. The Portu-

guese seem to eat documents. A new model there must come with

15 sets of approval papers and

of suspicion about copying.

by the manufacturing comp managers, then sealed and

ments have been met.

escape hatch.

anyone to an open market.
Other producers are in a similar position. "Supposing Renault starts to get eaten alive. Do you think the French Government will sit back and do nothing?" says one marketing director. "Maybe it will, maybe it won't." One thing everyone knows is that national cultural differences which affect even the dour bustness of farming will still have to be catered for by the tractor mak-

specification differences, and Such differences range from seem very finicky about where plates carrying approval stamps are placed. Exhaust silencers the heavier duty axles required by smaller tractors operating on have to be stamped, for example, to show that emission requirethe tiny farms of France and Italy to the passenger seat so beloved by German farmers but banned in the UK. No legislation Meanwhile the Finns do not can abolish these differences. rate highly their own perfor-mance as escapologists; tractors

Subsequent articles in The European Market series will run on Mondays on the Overseas News pages of the FT.



Oxford's eyes on Turner

Oxford University pulled out opment of cable television he all the stops for the visit of Ted might become. Turner, the American cable television magnate, on Friday. There vision magnate, on Friday. There was a specially arranged symposium on the environment at the School of Geography and another on changes in Eastern Europe and the Soviet Union at St Antony's Lynch at Christ Church ony's: lunch at Christ Church and dinner at All Souls.

"It's like having the Queen coming," said one of the organisers in advance. Turner seemed a bit hazy about it in London on Saturday. He remembered Sir Roger Bannister, now the Master of Pembroke College, largely because of his athletic achievements, and

"that philosophy feller at lunch", who must have been Sir Isaiah Much of Saturday was spent on the more familiar ground of the Pinewood Studios where Turner's television interests are filming A Man for All Seasons and Turner met Sir John Gielgud.

Conversation at the Dorchester

in the evening was punctuated by pauses to listen to the planist.

"You know that music?" Turner says. It was A Kiss is just a Kiss. "It's from Casablanca, one of our movies, you ought to know that." A bit more talk, then: "You know that one?" It's the theme from Dr based on an outward looking business and financial community. and paid the man a pound just to play them. It's not like that. It is very difficult to keep how much he owes. Today Turner has renounced debt. He wants money to spend. "I want to buy the world. I want to buy the Financial Times, the Wall Street Journal, hotels, airlines, every-thing." Then, more modestly, he adds: "For the time being, I just

want to be the greatest communicator," which through the devel-

Observer

might become. About 10 years ago Turner says that he became a convert to the need to protect the environment above all else and to abolish nuclear weapons. On both sub-jects he talks in passionate clichés riddled with numbers like: "It would take one tenth of the US military budget to elimi-nate famine in Africa."

And that in a way was what Turner was doing at Oxford. The University invited him to show that it was following Margaret Thatcher's advice that academics should consort more with industrialists. "He came right out with it," said one of the organisers, "and told the environmentalists and geographers that we're prac-tically dead right now unless we do something about the preserva-tion of the planet. Turner is doing what the academics are thinking.

Late Sundays

■ The Sunday newspapers in my part of London are delivered later and later, no doubt because they have become so heavy to carry that the boys have to keep going back for more.
It would make sense if they

were more widely available on Saturday evenings. The stand by Charing Cross station does a roaring trade, but there are pre-cious few others around. Some-body is not being very enterpris-

Inscrutable sale

■ The site of Sotheby's auction in Peking yesterday is traditionally known as the Hall of Ancestors. The communist name for the building is the Workers' Cultural Palace, so it bears a large slogan fallen and the workers are OFFICE

"We won't deal with terrorists but we'll talk to estate agents." osities, including 200-year-old cognac and a set of champagne bottles engraved with scenes of the Great Wall, which along with Venice, was a beneficiary of the charity auction.

The big money was spent by a

Japanese clothing queen, Haruko Takaku, who paid \$64,000 for Hommage, a montage of Chinese flags and pins, finished off with a few strokes of grey crayon by the French artist, Cesar. Sotheby's was nervous about the possible Chinese reaction to the unnatural use of the national flag, but no offence was taken.

A jug painted on a jug by Picasso fetched \$15,400, and The Great Wall of China, a white can-

another French artist, raised \$5,040.

Most Chinese lack the money to purchase such objects, and many more lack the taste for the modern, western interpretation. of art.

vas with three apparently signifi-cant but sparse lines drawn by

"That doesn't look like the all-powerful.

The workers seemed pretty flummoxed as about 250 foreigners bid for a range of Chinese and imported works, plus a few curi-

works that seemed to him frivo-After the bidding the foreigners lunched in the courtyard of Workers' Cultural Palace. One woman noted: "It's just like The Last Emperor," a reference to the award-winning movie.

Letter from Perth ■ Ron Davies, the Agent General of Western Australia, is looking for bits and pieces which may have some bearing on the territory's heritage.

Australia, he explained, is that it is so big – 10 times the size of the UK – yet has a population of only 1.5m, most of whom have not been there very long. In 1848, 20 years after the state was founded, the population was 4,622 and it did not go up much until the gold rush of the early 1900s. A lot of people came and went

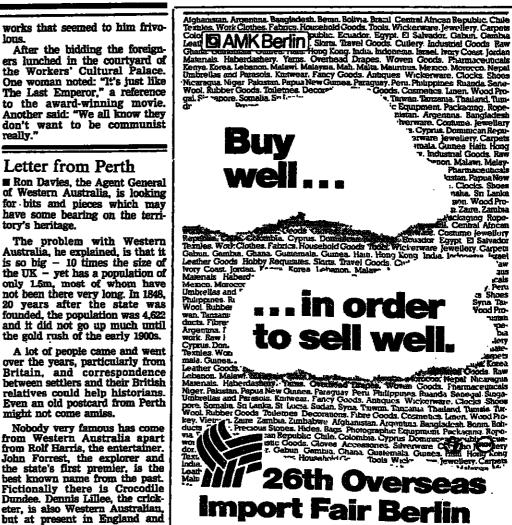
over the years, particularly from Britain, and correspondence between settlers and their British relatives could help historians. Even an old postcard from Perth might not come amiss. Nobody very famous has come

from Western Australia apart from Rolf Harris, the entertainer. John Forrest, the explorer and the state's first premier, is the best known name from the past. Fictionally there is Crocodile Dundee. Dennis Lillee, the crick-eter, is also Western Australian, but at present in England and not yet ready for a museum. Anyone who has a memer

could get in touch with Davies at Western Australia House, 115 Strand, London WCZR OAJ.

Wild county

■ The Financial Times is propos ing to publish a survey on sex on June 10. Or so says a brocubure lovingly prepared for potential advertisers by the printers. Two letters went missing. The survey



"Partners for Progress" Aug. 31—Sept. 3, 1988

(Test Sale/Public Section - Sept. 4, 1988)

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IN THE early 1980s the Accra slum known as Nima 441 was arguably the grimmest five acres on the African continent.

A shanty town of corrugated iron and dismembered packing cases, Nima 441 was an overcrow-ded home to 35,000 people - the poorest of the urban poor in a country then teetering on the brink of economic collapse. Conditions were inhuman. The

area's winding, unpaved alleys were undrained sewers. Education, health care and sanitation were non-existent. There was no piped water or electricity, severe mainutrition and disease were rife, infant death was common-place and kniffings between neighbours banal events. This same shanty town exists

today. It is still inhabited by the same people. But it has undergone a big change. The alleys are still unpaved, but are now clean and swept daily. There are well maintained latrines, and rubbish is hauled away regularly. Electricity and water standpipes are no longer reserved for others. Medical care and drugs are distributed at a new health clinic and children are going to newly

A women's programme is teaching nutrition and child care, as well as showing how to earn money through dressmaking, bread baking and other cottage the human cost. The United the human cost. The United industries. At the Nima 441 Workshop, unemployed men are learning such remunerative skills as carpentry, masonry and weld-

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The biggest changes of all, however, are in the attitudes of the people. While the Ghanatan Government has provided the technical services of its doctors. teachers and social workers, and rumerous aid donors are providing funding for materials, the energy and work that has gone into reviving the community is all the inhabitants'.

A combination of self-help, state institutional support and foreign financing, the social activities of Nima 441 are typical of the best work being under-taken through Ghana's recently launched Programme of Action to Mitigate the Social Costs of Adjustment, known as Pamscad. The first large-scale initiative of its type anywhere, Pamscad is regarded as a test case and forms the focus of considerable attention in the aid and development

The social conditions of Nima 441 in the early 1980s exemplify - though in extreme form - the overall state of a nation which had ground to a virtual halt. Ghana was a relatively prosperous country and the world's largest producer of cocoa in the 1960s. By the beginning of the following decade, it had embarked on a long slide to cri-

Nicholas Woodsworth on Ghana's efforts to alleviate poverty

Finding a way to ease austerity

ita income declined by 30 per designers have shown less con-cent, import volumes decreased cern for the immediate effects of by a third, export earnings fell by rapid change on the most vulner-52 per cent and inflation able members of society.

Nations Children's Fund (Unicet) proportion of the total — where estimated in 1983 that, nationwide, more than 60 per cent of the population was below the absolute poverty line. The average child was receiving less than 70 per cent of its minimum nutri-70 per cent of its minimum nutri- essential commodities;

the country for jobs elsewhere during the years of decline and the 10m who remained suffered high rates of unemployment, which has become deeply chronic food scarcities and a lack involved in promoting what it of basic services. Ghana's current minimum wage is 76 US cents a face", decided in late 1987 on the day. In the early 1980s, it was well under half that sum.

In 1992 the process constituted disection to cush-

In 1983 the newly constituted structural adjustment.
government of Flight-Lieutenant Initially the World Bank, upon Jerry Rawlings, determined to which the success of Ghana shalt the decline, introduced a nomic programme largely depends, would have little to do parsead proposals. wide-ranging economic recovery programme that saw a gradual turnaround in the economy. Sta-bilisation and recovery pro-officials, it denied that the adjust-grammes were followed in 1986 ment policies it was financing

A highly overvalued currency and imprudent economic policies eign aid agencies were concerned says Pamscad Secretariat direction to note a continuing downward tor George Cann, are not mere

levels of consumption, importa-tion and informal trading activi-ties. Production, exports, savings and investment, on the other hand, were all inhibited.

Between 1970 and 1982, per cap-tite income declined by 20 per decime. The production of the production of

Those least able to adjust to per cent a year.

Behind these indicators was three groups:

The United • rural households - a high

rural households - where

tional needs. • retrenched private sector
More than 2m Ghanaians left workers, civil servants and state

After much co-ordinated study, the Government and Unicef,

with the Pamscad proposals. officials, it denied that the adjust-ment policies it was financing sector employees. Consequently

by major efforts at structural with \$160m credit were having adjustment, backed by Western hunding.

Currency devaluation, trade response to the proposals by liberalisation, export incentives, other donors at a Pamscad contartif and tax revisions, and the ference held in Geneva last February that the Benk in the world. tariff and tax revisions, and the ference held in Geneva last Febercouragement of domestic and ruary that the Bank, in the words foreign investment are all part of of one aid agency official in this process. By adopting World Accra, was "morally shamed" schemes for small farmers.

Bank and IMF-based formulae for Third World development, Ghana At the conference, Ghana in macro-economic terms at requested \$83.9m from Ghana At the conference, Ghana repused to the support of self-help groups such as those at Nima 41. Many of these groups existed breviously. Government least - seems to be on the road range of multilateral and bilat-to recovery. eral donors to fund Pamscad. It to recovery.

By the time Ghana was well won pledges worth more than



Based on the premise that one of the first World Bank offi-structural adjustment has had clais to be assigned the task of detrimental effects on employment patterns, raises consumer prices and diminishes standards of social services, Pamscad's 23 ment generation, community ini-tiative projects and the satisfac-tion of primary needs.

committed to laying off 65,000 Pamscad will make its largest ramscad will make its largest allocations – more than \$30m – to redeployment projects and the creation of 40,000 jobs. Other programmes range from "food for work" projects in hungry rural and urban areas, through job creation for women, to credit schemes for small farmers.

Community initiative projects

existed previously. Government now has the structures to help them identify and implement their own schemes to improve local infrastructure. Finally, the Social Sector Task scad's greatest challenge."

social palliatives, but are Force, which co-ordinates Pamsocial palliatives, but are force, which co-ordinates Painregarded as integral parts of an
overall economic plan. "If large
sections of the population cannot
contribute to Ghana's development because they are economically paralysed." he says, "then
the entire adjustment process
stands in jeopardy."

Bread on the premise that

supervising the social components of structural adjustment, the Bank is gradually coming to acknowledge the vital necessity programmes concentrate on three of programmes like Pamscad.

Mr Bennett is confident that in own money.

future structural adjustment Seduce marginal rates.

loans for Ghana, Pamscad-like Minimise tax-induced distor-Unemployment is already a built in. And, he adds: "Ghana is key issue in Ghana. In the next something of a test tube. What three years, the Government is happens here will have a direct reliefs with a defined economic influence on the way the Bank regards the human and social dimensions of structural adjustment in other countries in the pamphlet where he admits: One senior foreign aid official

> ian Government put huge amounts of hard work into designing the Pamscad package, and the response from the donor genuine and not become a matter

Lombard

Tax reform within strict limits

By Samuel Brittan

25 per cent. But National Insur-

each extra pound earned and spent. An estimate by the Insti-tute of Fiscal Studies suggests

that the true marginal rate for a

single earner couple with two children was nearly 51 per cent

to 58 per cent today.

The best way to make inroads

into these high effective rates, given public spending trends and accepting the need to exempt the

Lawson's regime has

by fits of enthusiasm

followed by apparent

gage interest relief, pension fund privileges, the huge VAT exemp-tions and farm reliefs.

this, the Chancellor is well aware that his section on tax neutrality

is his weakest. As he puts it: "To some extent we have levelled up

and to some extent levelled

down." He adds that the "level playing field fanatic" - who

might have been influenced by

the early pages of his pamphlet
- will be disappointed.
It is in the fourth aim, specific

make his strongest case. The 1985 Budget reduced National Insur-ance contributions for the lowest

earners. The 1987 Budget intro-

duced reliefs for profit-related

Not having been able to do

been characterised

loss of interest

I HAVE ALWAYS found it difficult to become enthusiastic about variations in the way that two fifths of our incomes are removed by the tax collector to finance collective expenditure.

Most of the distortions, disincentives and anomalies which make the extraction more damaging than it need be are an aspect f the wider problem of interest group privileges, rather than due to lack of technical enlighten-

A Conservative government, if it has the courage, is in a good position to remove imposts, such as 98 per cent marginal rates on investment incomes, which bring in no revenue and are motivated mainly by envy disguised as fair-ness. It is different with distor-tions which have middle class support and the Prime Minister herself as their most entrenched defender.

The Chancellor, Mr Nigel Law-son, has tried very hard in a new pamphlet* to find a consistent pattern in the changes he and his predecessor. Sir Geoffrey Howe, make. He could have made a better

case if he had not started with four high-sounding aims, which invite ironical response. These

• Leave people more of their

purpose.
The author himself refutes the

first claim near the end of the "Taxes and National Insurance contributions still amount to a in Accra has a sobering reflection higher proportion of national to make, however. "The Ghana-income than when we first took income than when we first took

On the second claim, one can award Mr Lawson high marks for slashing top rates, which even community was tremendous. that severe critic of government Now the funds are there, there fiscal strategy, Professor John are signs that active, high-level Kay, accepts served no useful Government support for the pro-gramme is waning. Ghana's con-cern for its poor must remain models could easily identify. But for the broad mass of taxof simple political expediency. payers there has been less Avoiding that trap is now Pam-change. The Chancellor makes the common mistake of consider-

ing only the basic rate of income take from the taxation of employ-tax, which has fallen from 33 to ment to the taxation of profits. Within company taxation, the ance Contributions (for both shift from investment reliefs to employers and employees), value-added tax and other indirect taxes are all deductions from Even in the employment-pro-

moting field, the Lawson regime has been characterised by fits of enthusiasm followed by apparent loss of interest. The National Insurance reliefs have never been followed through and extended. Profit-related pay has been marginalised and left to junior minisin 1979 and was the same in 1987 after having risen in the intervening years. After the 1988 Budget it might be 49 per cent. For a single earner the shift has probably been from 59 per cent in 1979

ters.
There has been quite an extensive blitz on the second-order tax breaks. There are, for instance, much higher taxes on company cars, loss of relief for home improvement and limits on the tax-free surpluses of pension The absence of tabular quanti-

first slice of income from tax, would be to phase out those much loved reliefs such as mortfication of the effects of these and other changes is a weakness in the pamphlet. A better if less ambitious case could have been made if there had been a table showing how revenue was raised in 1979 and today. It is impossible to imagine the Bank of England issuing a fiscal or monetary anal-ysis without a single table.

Weaknesses of presentation shade into policy weaknesses. Analysis of tax at the lower end is meaningless without bringing in social security and the high marginal rates resulting from their interaction. There is not a word about rates, which are to be replaced at the Prime Minister's behest by the vast new distortion of the poll tax. And if the Common Agricultural Policy is not a tax on food prices, I do not know

The Lawson tax measures, by removing a lot of poisonous undergrowth, have provided a foundation for future reforms, such as relating tax to social security, dealing properly with housing and land (after the departure of Mrs Thatcher), and changes to further economic so on Mr Lawson will be remem-objectives, that Mr Lawson can bered for his economic manage bered for his economic manage-ment and for his fiscal courage. Tax reform in the strict sense probably requires a higher bore-dom threshold than he has and a greater preparedness to threaten

pay.

More important than either has been the general shift of 4 percentage points of the total tax

makes in profit-related resignation.

* Tax Reform: the Government Record, Conservative Political Centre, London SWIP 3HH, £1.75

Suitable case for Esop

From Mr Malcolm Hurlston. employees of Rowntree should have a say in the future of their company. There is one effective

ownership plan (Esop).

A small number of companies lished Esops, in which a percent-age of the shares is held in trust for the benefit of present and future employees. The Esop is simultaneously both a tax-efficient vehicle for raising or realising capital and a method of giv-

ing employees a capital stake.
In the US some 17 states now give support to the establishment of Esops because they help to anchor businesses in the locality. In this way, without being in any way a show-stopping poison pill, Esops with more than 10 per cent of the equity make predators

The interests of the employees, and of the locality, are more fairly represented where there is a firm collective mechanism for expressing their views. Malcolm Huriston, 2 Ridgmount Street, WC1

Weak witness of a name

From Mrs Jean Denton. Sir, I have always found your paper's information valuable — until May 27, when I was amazed to read in your Appointments col-umn, describing Mary Baker's election to the Prudential board, that she was "the first woman director.

Are we to expect information such as "first director from north of Watford," "first director under 35," and so on? None of these will need to appear often. Do any of them need to appear at all? Jean Denton, Black Country Development Cor-

Rounds Green Road, Oldbury, West Midlands

'It is a tragic spectacle' From Mr Mark Girouard.

He has wasted his great potentialities as a patron of good architalities as a patron of good architalities.

Letters to the Editor

history of the City of London.
There was nothing except his own obstinacy and pride to prevent Mr Palumbo from doing likewise.

Stock there was nothing except his own obstinacy and pride to prevent Mr Palumbo from doing likewise.

Mark Girouard, 35, Colville Road, W11

Early leavers pay well

From Mr Alan Smallbone. Sir, Your leader (June 1) suggests that pension schemes were duce a figure double that of a
ment of "early leavers," but are
now under attack for failing to
offer protection following takesums which can be found in this
faction can be used in two principals.

to both initiation and career.

Short term performance figures,
short term performance figures,
short term performance figures,
short term performance figures,
could it be that when the figures
were good, fashionable managers
and now the figures are bad they
do not want to show them?

I am sure all trustees are not
faction can be used in two princip

employer need contribute very directors without the sharedung M.A. Murray, structure for their years of service up to the age of 55. So if a takeover bidder — or new chief executive, for that matter — can think up a convincing reason for redundancies, the victims can be promised the (appalling) deferred pensions offered to all early leavers.

The schemes themselves, however are likely to have been level and over-taxed majority of Sir. So London is short to the train window is short to the short the sharedung majority of Sir. So London is short to the sharedung majority of Sir. So London is short to the sharedung majority of Sir. So London is short to the sharedung majority of Sir. So London is short to the sage of 55. So if a takeover ere noticing any cost increase.

This chappell's Pensions and Privilege pamphlet (published by points out that:

"... It is the very small minority on the highest salaries who gain most from final salary schemes. ... the under-privilege pamphlet (published by points out that:

"... It is the very small minority on the highest salaries who gain most from final salary schemes. ... the under-privilege pamphlet (published by points out that:

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"... It is the very small window schemes. ... the under-privilege pamphlet (published by points out that:

"... It is the very small window schemes. ... the under-privilege pamphlet (pu

to take account simply of accrued

sarcasm at Colin Amery's tecture. The time and money expense, but ignores his arguments (Letters, May 28). He which he has poured into trying ments (Letters, May 28). He to demolish his eight listed build-should not be allowed to get ings could have produced half-away with references to "my dozen masterpieces by James efforts over 30 years to provide a Stirling and architects of similar fine contemporary building for the City of London."

During these 30 years other are massed at vast expense, to developers have had little difficulty in buying and redeveloping sites, on a scale unequalled in the should have been fighting side by

to both inflation and career.

over of a company.

These are different sides of the pal ways: to take a "contribution same coin. "Final" schemes are holiday," so releasing more so constructed that for 95 per money for dividends; and to proceed to be the new direction of the employer need contribute very directors without the sharehold.

M.A. Murray, "So William to be the new direction of the herd.

M.A. Murray, "So William to be the new direction of the herd.

M.A. Murray, "So William to be the new direction of the herd.

M.A. Murray, "So William to be the new direction of the herd.

. . . non-taxable (and non-con- London by train - why th

From Mr M.A. Murray.

take longer term views.

The article appears to blame trustees for being obsessed with

ever, are likely to have been leged and over-taxed majority of funded on the footing suggested average wage-earners. . being homes, and houses need to be in Inland Revenue Superannua- robbed to pay the minority . . . built in the rural areas of south the total values liabilities not only to take account simply of accrued "...non-taxable (and non-con- London by train — which take account simply of accrued "...non-taxable (and non-con- London by train — why there are no superior to take account simply of accrued "...non-taxable (and non-con- London by train — why there are no superior to take account simply of accrued "...non-taxable (and non-con- London by train — why there are no superior to take account simply of accrued "...non-taxable (and non-con- London by train — why there are no superior to take account simply of accrued "...non-taxable (and non-con- London by train — why there are no superior to take account simply of accrued "...non-taxable (and non-con- London by train — why there are no superior to take account simply of accrued "...non-taxable (and non-con- London by train — when the non-con- london by train — when t

Long term can look short term

Sir, Lex's article on Hender-on's pension fund managers (June 1) suggests that they have felt it necessary to make a response to the crash, which even after seven months smacks of short termism.

Is the discovery of the long term approach after a poor year not in itself short term? I have never heard of a fund management organisation which sells itself on anything other than long term performance criteria.

If all fund managers were all fund managers were forced to "follow the herd," and not take any long term fundamental decisions, then presumably they all performed in a simi-lar fashion last year? The various performance surveys show a wide range of returns - and managers and trustees who do

short term performance figures. Could it be that when the figures



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Less of a purchase, more of an investment

Is Rowntree the first swallow of a bad summer for the rest of the UK?

From Mr J. Dennis Henry.

Sir, Sir Iain Noble and Mr Timothy Noble recently highlighted the loss of control from Scotland of many leading companies (May 18), My research on this subject quantifies the point they made. In the years 1985 and 1986, Scotland lost control of 33 per cent of the capital employed in Scotland publicly quoted compa-nies outside the financial, property and oil sectors. Figures pub-lished by the Industry Department for Scotland for 16 years, 1965-1980 (including pri-vate companies) show that the impact in the two recent years

While most lower level jobs impact of mergers on regional the first swallow of a bad sum-have not been seriously affected, there has been a noticeable there has been a noticeable reduction in the number of top is a key factor in referring and J. Dennis Henry, was three times that of the total future generations.

for the 16 years: a 24 times. But the theme, it seems to me, increase.

Not only did we lose control of divide in the UK as the south that greater proportion of companies in 1985-6, but the ones we regions in the UK may be facing lost were more profitable (62 per the same problems as Scotland cent) and growing faster (37 per cent) than those which now suggestion of a Scottish Monopremain. The predators selected oly and Mergers Commission of well; but that does not help the Scottish economy.

While most lower level jobs impact of mergers on regional the first swallow of a bad sum-

level industrial and commercial approving mergers.

Also, assurances given by predators both the present and future generations.

P.E. Inbucon,

P.E. Inbucon,

127 St Vincent Street,

ators should be legally binding Glasgow.

for a substantial period of time. If Scotland

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FINANCIAL TIMES

Monday June 6 1988



Janet Bush on Wall Street

Electronic facelift for **OTC** sector

IS IT too far fetched to suggest that programme trading, thor-oughly on the defensive as far as the New York Stock Exchange is concerned, could soon burst on to an unsuspecting over-the-counter

At first glance, the notion seems absurd. The Nasdaq, or over-the-counter market, is as important as any other stock exchange, the lifeblood for many of America's small and emerging companies and a centre of activity for individual investors.

But it has never been known for its sophistication. During the October stock crisis, the OTC's main struggle was with jammed telephone lines.

All that is about to change. Since October, the National Asso-cation of Securities Dealers (NASD), the market's self-regulatory organisation, has moved swiftly to remove some of the glitches from its Small Order Execution System, one of the key electronic facilities of the market. Much more importantly, the NASD will be selling a new software package to market makers and other dealers which promises

radically to alter the market.
This system is called Aces the Advanced Computerised Execution System. It was unveiled to traders recently and will be installed over the next year in companies who opt for it. Little has been said about it in public and the industry is extraordinarily shy about even discussing it. One reason for this is that traders do not know much about the system yet. Another is that the system has raised deep misgivings, many of which are being talked about in closed

Aces is basically a software package which will allow market makers or dealers to trade electronically in a limitless amount of stocks. Under the current Soes system, trades are limited to 1,000

The controversial element of the new system, which has raised fears of unfair competition, is that a market maker has to make per head in California were the prior trading agreements with other dealers who have the system. As one senior executive in the market said: "These the sixth highest to the 10th. machines don't automatically has to strike up trading arrangements with other firms to get

The agreements appear to be exclusive and one of the market's major concerns is that companies which subscribe to the system late will find themselves cut out from doing business with the best dealers in the market.

The major bone of contention appears to be that one leading OTC company, Troster Singer has been helping the NASD to formulate the system. Other companies are worried that it will therefore have a head start and may already have built up its network of exclusive dealer

Major OTC firms are hurriedly signing up for the system and negotiating their own trading

cliques. Small companies, who trade OTC stocks but do not make mar-kets in them, will probably bene-fit from the system. The suggestion is that major market making companies with the Aces system would pay for the system to be installed in companies with which it wants to trade to ensure

Smaller market makers who may not have the resources to sign up for the system at this early stage are concerned that they may find themselves excluded from great chunks of

More worrying is the prospect of major institutions buying Ace

and entering into agreements with market makers. Broader concerns centre on the far-reaching implications for trading OTC stocks of the new

Market participants believe market makers will have to be much better capitalised to cope and some smaller firms may go out of business. Already perhaps eight firms do around 70 per cent of business in this market and it seems likely that, as one trader put it. "a small group of capital intensive trading bouses will capture much of this new business

activity."

And what about programme trading? OTC traders do not rule this out. Futures and options con-tracts on the Nasdaq 100 index launched about three years ago met with little demand and are now defunct.

Now that the market is going

electronic, however, these con-tracts could easily be revived. There is the potential for a highly liquid, volatile electronic market, sophisticated and fast enough to create demand for hedging techniques and deriva-tive products. One of the deepest fears is that companies may choose to list on the American Stock Exchange, for example,

rather than face this prospect.

Peking hosts international art auction

THE OLD MONEY of Europe and ulous weekend party ever Great Wall of China, said yester most distinguished setting in the new rich of Asia outbid each devised." day that the event had been a which a Sotheby's auction has the new rich of Asia outbid each other for modern art and ostentation in the Forbidden City's Hall of the Ancestors yesterday, in China's first international auction since the 1949 Revolution. Under a banner proclaiming the power of the masses, 250 for-eigners, refreshed at a Temple of Heaven champagne breakfast after a night of partying at the Great Hall of the People and Maxim's of Peking, paid \$494,844 for 67 lots and did their bit for the restoration of the Great Wall

and Venice. The auction, followed by a feast in the Forbidden City, ended an expensive China experi-

have been sensitive questions, as the French organisers, in a show hope that we can rebuild one kilof pique last week, suggested that
some Chinese officials charged
"exorbitant" fees and misunderstood the "concept of charity." A daughter of Deng Kiaoping, the
Chinese tourism official, justifyChinese leader. Unfortuntely, the

had the working title: "The Return of Marco Polo." Initially, as many as 1,000 paying customers were expected, on the wall, along with stars like Mr Luciano "It may have been a little big

and at the Summer Palace as However, Mr Daniel Vial, Presitioneer and chairman of Sothe-burt of what had been modestly-touted as "possibly the most fab-

evised."

day that the event had been a which a Sotheby's auction has ever been sensitive questions, as been raised for the Wall: "It is my the French organisate in a short that the event had been as which a Sotheby's auction has ever been conducted."

Mr. Thompson said Chinese the French organisate in a short that the wall: "It is my the short that the wall: "It is my the short that the short that the said yester in the short that the event had been a which a Sotheby's auction has ever been conducted."

Mr. Thompson said Chinese hope that we can rebuild one kil-ometre, including a tower."

The disappointment of the auc-

ing a \$54,000 charge for the hire gathered glitterati did not fully of the Great Wall for an "al appreciate "White Prunus." fresco" champagne reception, which fetched only \$2,240, and said the guests had expensive not the hoped for \$8,000. Her expectations of a weekend which works sell for more in Hong Kong, where Chinese business people recognise the political and artistic value of having a Deng

ence for the charitable bidders. Pavarotti. But the Italian singer for some collectors. It is a very was among those who didn't large painting," explained a make it.

However Mr Deniel Viel President and the big have been a fittle big have been a fittl

officials had shown "a lot of interest in the whole process of auctions," but conceded that a role for his auction house here

was a "very long term project." While Sotheby's accepted bids in Chinese Renminbi (people's Most oil analysts learnt a long money), the combined cost of the time ago what a waste of time it

But a perceptive Chinese would have been amused by the irony of a painting titled "Paper Tiger." a favourite term of the paper tiger was a large, green dollar sign on blue background and fetched \$3,920. Observer, Page 24

Tomorrow's primary will measure the change of mood in California, reports Jurek Martin

Cracks appear in the big tax break

CALIFORNIA spawns trends and wanting the government off its movements like a frog in heat. But tonight, in Los Angeles, there will be commemorated a state initiative which can fairly be said to have materially influenced the lives of millions of needs. Americans over the last decade far more than ever the skateboard did.

For on June 6, 1978, the voters of California passed by a two to rural districts ballots are larded one margin Proposition 13, the with initiatives, the general one margin Proposition 13, the with initiatives, the general famous tax-cutting amendment thrust of which appears to be

Its most celebrated protagonist, Mr Howard Jarvis, will not be at the Biltmore Hotel, for he died in 1986. But his co-sponsor, Mr Paul Gann, will be there even though he is suffering from AIDS (from an infected blood transfusion). Indeed Mr Gann should rate higher in the pantheon of radical reformers for he followed Proposition 13, which stopped property tax increases, a year later with Proposition 4, which limited gov-

ernment spending.
The effect of the two measures icant. In 1976 the property taxes per head in California were the fourth highest in the nation. Ten years later the state ranked 23rd;

But, if the truth be told, ble a wake. For even the most fervent advocates of tax cutting and other restrictions on the power of government accept not only that the steam has gone out of their movement but that Californians themselves now seem to have a different set of priorities. A more accurate assessment of the mood of the state today is going to be provided by tomor-row's primary elections. All the indications are that far from

BY OUR FOREIGN STAFF IN LONDON

ress in the deadlocked Middle to the dangers of chemical war-fast peace process could bring fare and the proliferation of bal-listic missiles, two issues cur-

terday that failure to make prog-ress in the deadlocked Middle

"We want to avoid any war

that will be unlike any conflict

we've seen before, involving

more casualties and proving harder to contain." Mr Shultz

said on arrival at Ben-Gurion air-

His unusually blunt message was clearly intended to shake the

closer.

back the electorate is now more concerned that state and local authorities are being prevented from providing services commensurate with the state's growing

This is no bleeding heart liberalism revived and it is not the fruit of economic hardship. But in countless cities, towns and that roads, schools, hospitals and which paved the way for the Rea-gan tax reforms of the early police forces should not be starved of funds when the state and so many of its citizens are so

> The message is not going to be as easy to read as proposition 13, simply because it is so fragmented. The San Francisco city ballot paper, for example, includes 14 separate propositions. at least three of which have been withdrawn, as well as slates of candidates for election. The voter information guide, bilingual in English and Spanish, and with footnotes in Japanese, runs to no

less than 88 pages.
Californians have long been concerned with "quality of life" issues, as well they may given the abundance of resources here of just about everything except water. This has always given impetus to the local environmen-talist movement, which is now much exercised over federal plans for oil drilling off the beau-tiful coast of Mendocino in the a huff.

north. No politician has become more enmeshed in the dehate than Mr George Deukmejian, the conservative Republican governor. For he is hoist on a twin petard: first, he has been constitutionally unable to spend the surpluses the state's booming economy had generated recently; instead he has been obliged to rebate the

MR GEORGE SHULTZ, the US Shamir, the Prime Minister, out Secretary of State, told Israel yesof its complacency.

Mr Shultz referred specifically In the occupied territories yes

rently troubling the Government.

ered in Algiers for this week's

As he spoke, Arab leaders gath-



Governor George Deukmejian: remarkable contortions

of tax rebates simply to endorse the cheques over).

Second, in an ironic twist of nological miracle. week he proposed a package of embarrassing levels.

tax "adjustments" which his But Mr Bush seems to strike opponents gleefully criticised as even fewer Californian chords. It tax increases, and then on Friday is predictable that the hardcore

not that, given his present unponularity in California, he would have lent much to the Republione thelest What is also below the control of the control

In the occupied territories yes-terday, Palestinians set tyres

ablaze and flew PLO flags on the third day of a general strike called to protest against Mr

Arriving at Tel Aviv on his fourth Middle East peace mission

tinian rights is a dead-end street. The belief that this can continue

Shultz's trip.

for the Palestinian uprising in the Israeli-occupied West Bank and Gaza Strip.

This is because California can no longer automatically be counted in the Republican column, where it has resided for may be more censorious than may be more important are the before. More important are the

are right, they tell me a lot about the mood of California and even more about the state of the Bush

Neither Mr Dukakis nor Mr Bush registers as high on the California Richter scale of recognition as the medieval sage, Nostradamus, whose earthquake preproceeds to taxpayers (some local school districts, needing money, have taken to asking recipients of tax rebates simply to contain the mandatory reading here. Even in Silicon Valley, according to Regis McKenna, entrepreneur and local guru, there is no instinctive of tax rebates simply to contain the mandatory reading here. with the man who lays claim to usual third quarter increase in credit for the Massachusetts tech-

fate, the government appears to Mr Dukakis had to suspend have underestimated federal tax campaigning in California last transfer payments, to the tune of about \$1bn in the current fiscal There is just the outside chance members, some of which will be about \$1bn in the current fiscal There is just the outside chance in the current fiscal T year. This has induced some that the Rev Jesse Jackson can remarkable contortions from Mr cut down his victory margin, cur-Deukmeijan. At the start of last rently put in the 2-1 range, to.

night he dropped the package in conservatives of Orange County in the south distrust the vice His problems have probably president, but surely more worryruled him out as a running mate ing that so little of President Reafor Vice President George Bush, gan's residual popularity rubs off

have lent much to the Republi-can ticket. What is clear, how- The endorsement of the tax-cutever, is that either Mr Bush or ting faithful who will gather at his likely Democratic opponent, the Billmore Hotel tonight will mr Michael Dukakis, the governor of Massachusetts, badly have 10 years ago.

> Continued from Page 1 of Bell Group, in particular that Bond Corporation would assume that control with at least the tacit acquiescence of the SGIC." Regarding the sudden Bond bid, the NCSC explains that it had been planning further action until it received an approach from Bond Corporation last

> Thursday.
>
> After further discussion, Bond Corporation agreed to make the A\$2.70 takeover offer for all Bell Group ordinary voting shares not already held by it and the SGIC. Significantly, the bid is with-out any minimum acceptance conditions. Moreover, terms will be changed for the A\$150m Bell Group convertible bonds which the SGIC agreed to acquire and place as part of its original deal.
>
> Bond Corporation, for its part, notes in a statement also being released today that the NCSC reached no final views in its now-suspended investigation. Bond Corporation's bid values Bell Group at A\$850m. Full acceptance by holders of the 60 per cent it is seeking will cost it A\$510m, on top of the A\$170m it paid for the first 19.9 per cent.

Shultz gives Israel war warning Bond Corp to bid for **Bell Group**

The uprising, or intifada, is the only item formally on the agenda of the three-day Arab summit The uprising, or intifada, is the only item formally on the agenda of the three-day Arab summit Other Middle right-wing half of the Israeli Other Middle East reports, coalition, led by Mr Yitzhak that opens tomorrow under the Page 4 Baker seeks to allay inflation fears

Continued from Page 1 a certain winner, and Governor Michael Dukakis is expected to triumph easily over his remain-ing rival for the nomination, the

Rev Jesse Jackson. Mr Baker yesterday backed Mr Bush's pledge not to raise taxes in a future Republican adminisration. He also made clear that he believes the six-month-old economic recovery should be one of Mr Bush's strongest cards and said, of the inflation threat, "we are not going to see it this year." re not going to see it this year." current course of monetary pol-Last week, Mr Bush said inflaticy is very satisfactory," he said.

World Weather

eral Reserve, the US central bank, not to tighten monetary policy. His comments looked like a warning shot to the Fed that tighter credit and higher interest rates could threaten his election prospects. Mr Baker, in an apparent attempt to offset any impres-sion that the Vice President was compromising the Fed's independence, went out of his way yes-terday to praise the Fed. "The

tion fears were unjustified but he went further and urged the Fed. German Bundesbank President does not see any reason for fur-West Germany or Japan at the moment, Reuter reports from Frankfurt

Mr Põhl said in a radio interview: "Japan is booming . . and more would be bad." Referring to West Germany, he said fears of a slow-down in economic growth as a result of the low dollar and the stock market crash had not come

Labour faces N-arms row

Continued from Page 1 He stressed: "We want to get rid of Trident. But the fact is that it does not have to be something for nothing; the fact is that it can be something for nothing for nothing."

something."
The Labour leader emphasised his belief that Trident would not enhance Britain's security or significantly contribute towards its Nato responsibilities. But he Labour government achieved in return for decommissioning Trident would provide "a bonus for Britain and a bonus

He acknowledged the impact of fast-moving international events and said that any politi-cal party would appear "com-plete fools" if it ignored the scope and the scale of recent developments and the opportu-nities for playing a responsible

role in the process of change. He accepted that the US would have nuclear weapons as long as the Soviet Union and that Britain would continue to belong to the Nato nuclear alliance.

THE LEX COLUMN

Tying up loose ends in Vienna

money), the combined cost of the entrance fee and catalogue, \$47. was predicting the outcome of was about five weeks' wages of Opec meetings, and so have contented themselves with matching of ressible Opec community. niques with consequent price movements. But even this somewhat pointless exercise has been abandoned for this week's meet-ing, as the issues which have straightforward consequences for the market - like price and quota - are not likely to be dis-

ussed directly at all.
That does not mean the meeting will be bland, nor that it will be over quickly. Two of the main points - what sort of oil should be included within production limits and whether fraq can be brought within the Opec quota – go to the heart of divisions within the cartel, making the chances of agreement remote.

But after the unsightly display of dissent at the April meeting, the market badly needs signs of cohe-sion, and if it does not get any. exception.

A lawyer in San Francisco, a Democrat, put it this way. "If these polls (giving Mr Dukakis a double digit lead over Mr Bush) are right, they tell me a lot about the mood of California.

At least the cartel has the lux-ury this time of rising demand, which should leave room for prices to increase to the official \$18 benchmark between now and the end of the year. However, in the last week or two things have deteriorated slightly. Opec members are now cheating to the tune of 1m barrels a day, and with demand in the US weaker than had been expected, part of the usual third quarter increase in

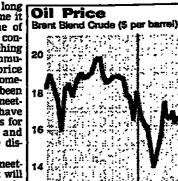
The prospect is not grim in attendance in Vienna. After having scorned their offers of assistance in April, the trick this time will be not to offend anyone.

US corporate leverage

The sight of Britain's Beazer winning its highly leveraged \$1.7bn takeover battle for Koppers of Pittsburgh last week, and Mr Carl Icahn toying with the idea of launching a \$14.2bn takeover bid for Texaco, the wounded oil giant, have re-awakened concerns about the increasing use of leverage in Corporate America.

declined from a peak of 25 times Everyone is agreed that the bor- in 1956 to an average of 3 since

of Mr Beard.



rowing ratios of US companies have risen dramatically over the last decade but on the critical question of whether increased leverage has strengthened, or sapped, the competitiveness of US companies, the protagonists still seem as far apart as ever.

The traditional view is that unduly high levels of leverage force companies to sacrifice long-term investment plans and maximise current earnings. As long as economic growth remains buoyant and interest rates stable. all is well. But it leaves companies with little margin for error at a time, like now, when interest rates are heading higher.

However, there is a growing school of academic thought -highlighted in the inaugural issue of Continental Bank's Journal of Applied Corporate Finance - that a highly leveraged capital structure leads to a more efficient allocation of resources within the economy by curbing management's inclination to reinvest the corporate cash flow in low return projects. The US oil industry is held up as an ideal testbed for what has been dubbed as the debt control hypothesis". If, for example, Exxon and Mobil, had been highly leveraged, their managements would not have been allowed to squander shareholders' money on costly diversi-fications such as the acquisition mery Ward.

tion about this type of thinking, it has to be set against the recent dizzy growth of leverage in Corporate America. Morgan Stanlev for example, has calculated that the ratio of total debt to book net worth of US non-financial corporations has almost dou-bled since 1956, while interest cover (earnings before net inter-

THE DISCERNING PERSON'S GUIDE TO LONDON

1981. Fortunately, lower interest rates and higher corporate earn-ings have prevented interest cover declining further, despite the 40 per cent rise in leverage since 1984. The question of how long this favourable set of circumstances can continue, explains why some people are distinctly uneasy.

News Corporation

One of biggest casualties in the recent sharp runnup in the Australian stock market has been the shares of News Corporation which have underperformed the market by close to a third over the last month. They are trading at less than half the A\$25 they touched ahead of last October's stock market crash, and the more adventurous global investors. who fell in love with the stock during its fivefold leap in value in 1986-87, are beginning to lose faith in Mr Murdoch's ability to conjure up another quantum leap forward in the group's profits.

Part of the reason the shares have fallen out of favour is the recent reduction in Australian corporate taxes which has led to a re-rating of high-yielding shares and worked against com-panies like News Corporation which only pay token dividends. More important, with close to A56bn in debt, higher interest rates can be lethal to profit projections, and the group's habit of taking substantial foreign exchange trading profits above the line and heavy start-up losses on its US TV network below the line, makes some investors

unhappy.
Australian brokers Bain & Co. for example, estimate that if various adjustements are made, the group lost A\$7m in the third quarter; and while it may report a 25 per cent rise in earnings to A\$460m in the current year, earnings could fall by 14 per cent to A\$268m if foreign exchange profits are excluded and the losses on its are excluded and the losses on Fox Broadcasting are included. Depending on the calculation, News Corporation shares are trading on a multiple of any-where between 8 and 17 times

current year's earnings. There is nothing new about the unorthodox accounting practices. but News Corporation's ambitious bid to establish a fourth US TV network is proving to be far more costly than imagined. Mr Murdoch has yet to prove that his undoubted knack of produc-ing profitable newspapers can be transferred to a US TV network which is swallowing close to A\$100m a year. Until he can, or decides to cut his losses. News Corporation shares are not going

to regain their glamour rating.

🕽 THE BARBER 🗆 For a cut above the rest. we recommend Mr Beard. (Yes, honestly.) To appreciate the difference between barbers and mere hairdressers, visit Truefitt & Hill, at 23 Old Bond Street, W1. Established in 1805, the year of Trafalgar, the firm even reflects its traditions in its manager's surname. (He really is called Mr Beard.) Opens early so that young shavers can get slicked up on their way to the City. Sir Winston Churchill had his short back and sides here, and so did Alfred Hitchcock (who, it must be said, did not detain the barber long in his later years). Manly treatments include face massage and Le Meridien, on the other hand, (or the Piccadilly, as it was called then) was established in 1908 and acclaimed the most luxurious hotel in London. After its recent restoration. today it exceeds its former glory. Rather as you will after the ministrations



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SECTION II - COMPANIES AND MARKETS FINANCIALTIMES

Monday June 6 1988



INTERNATIONAL BONDS

AIBD papers over some of the cracks in the houses

"THE Eurobond market is dead. Long live the Eurobond market." end of the Association of Interna-

The split between the AIBD upon by senior market figures as which many took to be directly their most powerful weapon bouses which had threatened the against the bad publicity of illi-was thrown out by voting deletemporarily at least, been leakage to other markets to papered over and dealers could undermined the market so entermined the market so the more urgent business of the more urgent business of the severely in the last 18 months.

ness of making money.
Yet despite the eventual truth and the conviviality generated by a few days of rodeos, armadillo racing and renewing old contacts, it was still possible to detect a it was still possible to detect a duplicated services of their ACE deep-seated unease and persistent nerves that the situation to member houses could no longer which the dealers were returning afford. was a far cry from the bull market hand wagon so many of them

respective computerised trade matching and confirmation systems, Trax and ACR, dominated the two-day meeting.

The dispute and its makeshift resolution have implications far wider than any vociferous squabling over the various technical advantages of both systems.

The dispute and its makeshift resolution have implications far winder than any vociferous squabling over the various technical advantages of both systems.

The dispute and its makeshift the new regulatory frame-legislation for an SIB equivalent in the Netherlands and told contend that Trax will give the market domination by the lead. French delegates that the SIB market the transparency and liquidity it needs to restore investor confidence, a plea made by of any industry cycle is also still.

The relief was palpable at the Eurobond market's slow and reluctant move to co-operate with tional Bond Dealers (AIBD) meeting in Dallas last week, even if its 1,200 besuited delegates were too polite to articulate it.

AIBD board would be forced to call an extraordinary general meeting when a motion to raise the subscriptions by 30 per cent to SFr 6,500 in 1989, an increase kets. Furthermore, the ultimate the subscriptions by 30 per cent success of Trax has been seized to SFr 6,500 in 1989, an increase in the final few hours of the meeting last Friday, the AIBD board launched an impassioned attack on the campaign against Trax, which Euroclear claimed

Euroclear chairman and Deut-The row between the AIBD and Euroclear and Cedel over their respective computerised trade matching and confirmation systems, Trax and ACR, dominated first the first and ACR, and ACR, dominated first and ACR, dominated first and ACR, dominated first and ACR, dominated first and ACR, and acrease acrease and acrease acrease and acrease acrea

Trax pilot phase later this year. brokerage firms suspected of Euroclear's lobbying proved overreaching themselves.

Formula the first provided a first proved overreaching themselves.

Formula the first provided and tree over the subscriptions by 30 per cent and proposed a warrance over the subscriptions by 30 per cent and proposed a warrance over the subscriptions by 30 per cent and proposed a warrance over the subscriptions by 30 per cent and proposed a warrance over the subscriptions by 30 per cent and proposed a warrance over the subscriptions by 30 per cent and proposed a warrance over the subscriptions by 30 per cent provided a warrance over the subscriptions by 30 per cent provided a warrance over the subscriptions by 30 per cent provided a warrance over the subscriptions by 30 per cent provided a warrance over the subscriptions by 30 per cent provided a warrance over the subscription The Trax project represents the single most important step in the European's slow and powerful and it looked as if the

> ments Board. He commended the board on its co-operation with the SIB and their achievement of Designated Investment Exchange

This exempts the Eurobond market from several important parts of the new securitie laws. Euroclear chairman and Deut-sche Bank board member Dr Rolf clearing system's plans for an Breuer mustered strong backing enhanced ACE would fall short of

and prompted a purge by Cedel, liquidity in a market such as the followed by a less clear but Eurobond market, where there apparently sincere undertaking will always be a fundamental by Euroclear to reopen negotia-

gates. The door to co-operation was However the AIBD board had a reopened, the AIBD board saved white knight in the wings, in the from the ignominy of resignation figure of Mr Richard Britton from and market disintegration the UK Securities and Invest-averted. The Eurobond market it evolved is to co-operate with the authorities. This is signifi-cant for a body which only a few years ago decried the Financial Services Act and vowed it would

have nothing to do with it. But the market feels it has no alternative way forward was borne out by frequent references to the market's deteriorating

mismatch of assets and liabilities which will deny Eurobonds the liquidity of any domestic fixed-income market.
The transparency promised by

Trax was also a source of concern for several rank and file dealers appears to have recognised that in Dallas. Many argued that the the only wage of retaining a modicum of fabled freedom in which it evolved is to co-operate with the authorities. This is significant to be appeared to the speculative edge, implying that market playthe authorities. This is significant to be appeared to the speculative edge, implying that market playthe authorities. book, on which no money would ever be made. Low volumes now made this more often than not the case and increased transpar-ency could kill any liquidity still present, several maintained.

One patent conclusion of the Dallas meeting was that the

concerns such as the anticipate cost of Trax, were not dealt with, despite requests from delegates of a detailed breakdown. Many delegates found this worrying especially as one of the leading market makers, Kidder Peabody Securities, recently pulled out from the Trax pilot scheme, claiming first year costs would total £500,000.

The anticipated resolution to the Trax ACE row, a computer interface between the two systems, also seems set to bring with it large capital outlays. Senior market figures maintain that these costs are petty when the future of the whole market is

Last week's best story was the sorry tale of the leading house which had hired South Fork for a party and subsequently cancelled. Amusing yes, but leaving no doubt that overheads and costs, once considered incidental, now count more than ever before in the Eurobond market.

Dominique Jackson

became the first Finnish bor-

rower with a medium-term note programme, for \$250m, arranged by Warburg Securities, with Mer-rill Lynch and Shearson Lehman

Hutton also appointed as dealers.

International.

Arab investment group set to win control of Gucci

INVESTCORP, the international resentatives on the eight-member investment bank founded in 1982 Gucci board, has not yet revealed as a conduit for private Arab itself, either in public or to Mrs investment in Western industry, Maria Martellini, the chalrman is close to taking effective control of Gucci, the luxury Italian maker of handbags, shoes, per cent shareholding. A crucial clothes and fashion accessories.

Gucci board meeting is scheduled to be held on Wednesday.

For nearly nine months, the London branch of Morgan Stanley, the US investment bank, has been acting in secret on Invest-corp's behalf, buying equity stakes in Gucci's Italian, US, British Department of the Property of the ish, French and Hong Kong oper-ating companies. All that was ating companies. All that was known was that a "mystery buyer" was stalking Gucci in Italy. So far, the Bahrain-registered Investcorp, already known for its acquisitions of luxury jewellers Tiffany and Chaumet, has spent around £75m (\$135m) buyelse Caronies this in various course. ing Gucci equity in various coun-

Morgan Stanley, which originally broached the idea of taking aver. Gued to Investoom's Ion.

Giorgio Gueci. over Gucci to Investcorp's London executives, has been stealthily buying shares from rival members of the Gucci family. At members of the Gucci family. At members of the Gucci family at members of the Gucci family. of Gucci America, and minority stakes in various other Gucci dis-tribution companies in London, Paris and Hong Kong. The Italian company had 1987 sales of L220bn (\$172m), while Gucci America of finance, but is unlikely to make a formal syndication. Kansallis-Osake-Pankki had revenues of about \$150m.

The investment bank, which has 14 partners including six Primary Market Americans, is 70 per cent-owned by several hundred investors in the Gulf region, 15 per cent by 12,000 small shareholders through the Bahrain equity mar-ket and a 15 per cent by the management partners in London, New York and Bahrain.
The charter of Investcorp calls

Two Japanese borrowers established Eurocommercial paper programmes. Marubeni, the trad-ing company, established a \$200m programme through Yamaichi any, established a \$200m for taking medium-term equity positions, usually of control, in a handful of companies each year.

Stephen Fidler

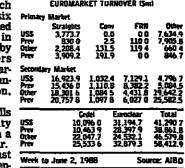
Investcorp, which since last month has had four nominee rep.

to be held on Wednesday.

which has \$550m in assets, gave Morgan Stanley the go-ahead to begin buying Gucci equity last autumn. The Florence-based luxartunn. The Florence-based has ury leather goods company was in the grips of a public feud that had divided the grandchildren of Mr Guccio Gucci, who founded Gucci as a saddlery business in

1904. Mr Maurizio Gucci had seen his 50 per cent stake of the com-pany sequestered by an Italian court; the shareholding is still frozen. The other 50 per cent was

present, investcorp owns 47.8 per per cent stake on behalf of an cent of Gucci in Italy. 43 per cent "anonymous" client. Then, in "anonymous" client. Then, in April of this year, Morgan Stanley bought a further 44.5 per cent of Gucci from Mr Roberto and Mr Giorgio Gucci, bringing the Investcorp stake up to 47.8 per



Bankers play their part in helping to thaw East-West relations while has lined up a string of banks to provide sizeable chunks

AS THE Soviet and US leaders to the banks than in the countalked last week of a new spirit of try's last big financing, raised a some weeks ago. There is a 6% priendship between East and year ago, which carried the 12% basis point commitment fee. West, Western bankers were margin throughout the 10 years. In the UK, National Westmin-

And the state of t

West, Western bankers were playing their part in helping to thaw the Cold War.

Humgary signed a \$200m eightyear credit with a group of 31 banks, and Deutsche Bank Luxembourg started syndication of a \$150m 10-year borrowing for Czechoslovakia.

The Czech loan has a 6%-year grace period, with a margin of 12% basis points above London with the 10 years.

In southern Europe, Portugal ster Bank arranged a £300m multi-option facility (MOF) for Blue ti-option facility (MOF) for Blue Surprisingly, in view of all that has been said about ever-aggressive pricing for MOFs, the price has not changed since then,

£100m facility with a £50m com-mitted portion that was signed in the mandate for the financing, of around FFr13bn,

expected battle between the Swiss groups, Nestlé and Suchard, for Rowntree, the Yorkgrace period, with a margin of syndication of a Ecu200m loan for three years and 18% for the remainder. The terms, as might points for three years and 18% for three years and

This announcement appears as a matter of record only.

MAY 1988

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UK GILTS

No mystery over sterling's fall

THERE IS something curious in the claim made by some market commentators that sterling's dra-matic slide last week proved the truth of the Chancellor's observa-tion that the pound's rise would

prove to be "unsustainable."

Those with a longer memory will recall that this prediction was made first when the pound was trading around DM3.08 and

That is a bit like Wedd, the powerful jobber in the old gilts market, going short of the mar-

The point about unsustainability is: was sterling's value at DMa.08 unsustainable with base rates at 9 per cent? Recent history would suggest it was not. That was why the Bank of England raised base rates by only ing cash. With the exception of % a point on Thursday, did not raise them again on Friday and wide phenomenon. raise them again on Friday and wide phenor why the pound may have to fall a This cash is going into lot further yet before the foreign short-term money market instru-

moved rates up a full point then it might have reversed the market's direction; more importantly

The Bank is naturally happier with a situation where interest rates are higher and the exchange rate lower, but it can be only a little happier. The current situation is little more than an uneasy equilibrium and one where the Bank's room to manoeuvre seems constrained and dictated by the foreign

The Bank is keen to point out that financial markets should not be too confident of reading its future moves on base rates; it is not in the business of being predictable. It may not be in such a business but the credibility of the Government's anti-inflation commitment depends on base rates rising when the pound falls, and

For the past six months, but more so since March, the Government has been vigorously advo-cating the concept of "symmetry" in the operation of policy - that interest rates would move in an

inverse relationship to the cur-rency – allied to the policy of fighting inflation.

But whither the tightness of Lawson then appeared to set about to make his prediction self-fulfilling by cutting base rates to 7% per cent as the currents at the D-Mark rate of DM2 10 rates to 7% per cent as the curlooks at the D-Mark rate rency rose ever upwards to DM3.10 – according to the doctrine of symmetry base rates

should be at 8.5 per cent.

It should come as no surprise, therefore, that the money mar-kets have already factored in 8.5 its impeccable judgment when prices did so. Not only is there the problem here of the observer influencing the observed for the observed for the problem here of the observed for the pound falls to around DM2 as the pound falls to around DM2 are the pound falls to around DM2 the problem here of the observed, but influencing the observed, but actually taking actions to make reality agree with his predictions.

The point about unsustainability was sterling's value at the become a verity of the could be and equity markets this

exchange markets get another ments in the world's main money centres where returns are reason The Bank felt that if it had able and the investor is left with maximum flexibility. This invest-

ment is driving currencies.

There should, therefore, be no such a move would also have mystery surrounding sterling's been seen as a signal that a floor fall. At around DM3.18 or higher was being put under sterling. with prevailing world interest rates, there was little in the currency left to play for, given the structure of short-term interest

> The interest rate differential between three-month sterling deposits had narrowed from 277 basis points to 79 against three month dollars, from 517 basis points to 400 against the yen and from 560 points gainst the D-Mark to 450 over the period from March 7 to June 1.

> The currency to benefit has been the dollar. But if sterling weakens further the interest rate differential could easily be re-established with the D-Mark and the yen and that might be enough to tip the balance in sterling's favour again

Simon Holberton

US MONEY AND CREDIT

Uncertainty provides firepower for bulls and bears

If EVER there was evidence that about what the economy is actu-tive interest rate differential after financial markets sometimes ally doing, a miserable state of a further snugging in monetary behave in a less than rational manner, last week provided it.

After weeke provided it.

After weeke in the doldrums.

The inflow into the US currency from grace last week, even after ties are manipulating the markets. After weeks in the doldrums, the equity market suddenly broke out of its lethargy and put

in a fine performance for no apparent reason. Economists swiftly rounded up a mixed bag of positive influences to explain the swift turnabout, including a more stable bond market, a more stable dollar and a growing feel-ing that previous pessimism had

Then, just as quickly, with the arket still looking stable, the dollar still attracting some speculative flows associated with higher short-term interest rates and more talk about inflation fears being overdone, profit tak-

In the bond market, prices rose strongly early in the week despite surging commodity prices, one of the factors which had sent yields soaring to nearly 9.5 per cent in recent weeks.

These are strange and confus-

ing days for financial markets, which spend days drifting side-ways before falling on apparently good news and rising on no news Part of the reason for this

the annual benchmark revisions and updates in seasonal adjust-

second month running, suggest-range down to perhaps ing that the economy, or at least 7% and to 7% per cent. the industrial sector, remains very robust.

Rising commodity prices are a big cloud hanging over the bond market. Last Thursday, the Commodity Research Bureau (CRB) index shot up to its highest level since December 1984, partly reflecting higher grain prices because of unusually dry weather in the mid-West which presages

higher food prices. Offsetting the potentially nega-tive impact of the CRB index on sentiment in the bond market apparently irrational behaviour were speculative flows into the is the high level of uncertainty dollar, reflecting a more attrac-

4.97 4.89 5.12

ment and jobs figures.

Apart from the confusion of prompt the Fed to intervene by

on the one hand, the pace at the last apparent snugging nearly which jobs are being added to the a fortnight ago was that the Fed economy has been slowing and had moved its Fed Fund target to there was actually a rise in the between 7% and 7% per cent. overall unemployment rate last However, Funds traded below month. On the other hand, there that level for most of last week, was evidence of strong waser rises promoting many bond market was evidence of strong wage rises prompting many bond market and hours worked rose for the economists to revise that target second month running, suggest-range down to perhaps between

from grace last week, even after base rates were raised by the Bank of England.

For months, the British authorments, the release was a thoroughly mixed bag which provided firepower for the arguments of both bull and bear.

As for Fed policy, last week ities have tied themselves into policy knots trying to prevent sterling rising. The pound's fall last week may not be the start of arguments of both bull and bear. ities have tied themselves into a new trend but it did show how quickly market sentiment can shift. The inflows into the dollar could just as easily reverse.

An interesting theory was

being bandied about in one Far East trading room last week. The suggestion was that the Fed was not nearly as frightened about inflation as people thought and that the US authorities had used The burning question in coming weeks is how easily the flow the markets' inflationary obsesting weeks is how easily the flow the markets' inflationary obsesting the flow sion as a smokescreen for a firmal representation.

port the dollar. Whether or not the US authorities are manipulating the mar-kets in this way, there is no

doubt that there is some subtle stage management going on, not only in the Fed but in other cen-tral banks, to keep things under control until after the election. There are few economic releases

due to be published this week. Financial markets are likely to mark time until next week's run of figures, including April's trade figures, which are generally expected to show a deficit of around \$12bn compared with the surprisingly low \$9.7hn shortfall in March. Also to be released next week are figures for May retail sales, industrial production

There is only one major eco-nomic release this week. Here it is, together with a consensus forecast by Money Market Ser-vices of Redwood City, California:

May Producer Price Index. The consensus forecast for the PPI is for a rise of 0.4 per cent after a 0.4 per cent gain in April. A large component of the gain is expected to be food prices because of a 3.1 per cent rise in agricultural prices last month, which translates into a 1.5 per cent rise in the food component

of the PPL
This should be offset by lower energy prices, which are likely to have been deflated by the seasonal adjustment. There was also evidence of a slight fall in wholesale petrol prices last month.

Janet Bush

Only three top US banks met capital goal

meet the new international capi-tal requirements being proposed by the Basle-based Bank for International Settlements, according to IBCA, the Londonbased credit rating agency.

In a report assessing the impact of the proposals, IBCA also points out that banks out-side the top 11 are much stronger, and a greater proportion of them would have sufficient capi-

ONLY THREE of the top 11 tal. But altogether 14 leading banks in the US would have been banks will need to raise a total of able, at the end of last year, to meet the new capital meet the new international capilevels which come into force at the end of 1992, it says.

> The three top banks which exceeded the minimum capital requirement based on their 1987 results are J.P. Morgan, Bankers Trust and First Interstate. IBCA rates the remaining banks according to the number of years worth of retained earnings they need to reach the Basle level.

(The calculation is based on 1986 earnings because of the distort-ing effect of last year's Third World debt provisions).

facturers Hanover (5.6), BankAincurred a loss in 1986).

IBCA identifies three banks to comply with the levels prowhich may not be able to reach the Base level through reached through reached the Base level through reached through reached the Base level through reached the Base level through reached th

earnings by 1992: BankAmerica,

tinental Illinois.
The Basle proposals will require banks to have a ratio of These are Security Pacific (0.5). capital to risk assets of at least 8 Wells Fargo (0.8), Citicorp (2), per cent. At least half of this Chase Manhattan (3.1), First Chimust consist of "tier I capital," cago (3.9), Chemical (4.3), Manufacturers Hanover (5.6), Banka- in a recent report on Japanese merica (no figure because it banks, IBCA said these would need \$50bn of additional capital

David Lascelles

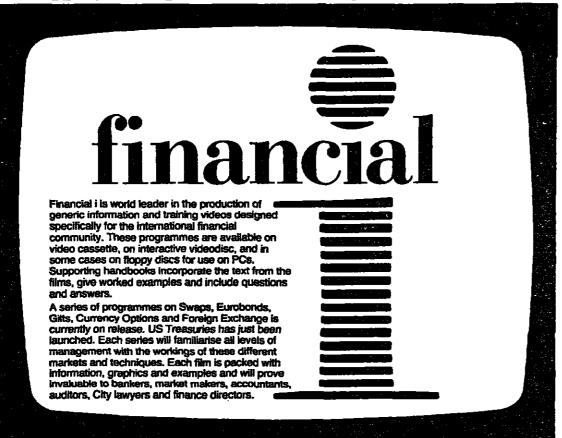
US MONEY MARKET RATES (%) 6.27 5.03 5.41 6.67 6.43 6.47 US BOND PRICES AND YTELDS (%) Lect Fri. NRI TOKYO BOND INDEX 2/4/88 238.81

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MERRILL LYICH 9 19	150 855 +14		RETER LANDEDRIL OR	150 98% 0 125 99% -% 105 99% 0 100 96% -% 200 98% -%	73 73	NOTE AMERICAN 11 45 73 1064 -1 10 10 10 10 10 10 10
MITSURISHI EST 16 4 97 MITSURISHI FINENCI 11 4 90 MITSURISHI FINENCI 12 4 91	90 1014 44 100 104 4 100 1054 4	9.96 9.17 9.17 9.88 9.26	QUEBEC HYDRO 2002	100 901 0 100 961 -1 200 981 -1 250 991 -1 200 99 +1	94 74	LEEDS PERMANENT 94, 93
MITSUITST FIN HK 12 91	180 91 91 91 91 91 91 91 91 91 91 91 91 91	19.17	SANTA BARBARO SALLA 96. SCOT INTL. FIN. 1, 92. SECURITY PACIF & 97. SOCIETE GENERALE 1, 94. SOCIETE GENERALE 9.	200 99 +1 100 991 0 250 971 0	71 74	NTTER AMER DEV 11 1 95
MITTERIA 12 94 MOUNT ISA FIN 11 95 MAT WEST FIN 11 92	150 1044 9 100 1534 +4 75- 1064 +4 160 99 +4	10.49	STANDER THE STAND THE PARTY	100 991 0 230 971 0 250 991 0 300 981 5 500 100 -1 100 100 0	74	EMITTY Easiny Bit Chy on Casting constitutions Bale point trust Frue
RED GASUNTE 11 % 90	75 NSI +4 500 W -1	9.70 9.30 8.91 9.45	TAKUGIN L 97	<u>, 100</u> 983 0	货	DOWA MANING
HEW ZEALAND 71: 92 NEW ZEALAND 71: 93 NEW ZEALAND 8 93	150 107	9.45 9.89 9.57 9.32	UNITED KINGDOM -1/8 %	2.58N 100 0 100 99% 0 200 94 -1 1 250 97 1 -1 150 98 1 0 300 99 1 0 300 99 1 0	7% 7%	GUNZE
NEW ZEALAND 161, 95	200 100 + + 1 100 104 + - 1 150 92 + + 1	1218 1221 1221 1231 1247	WELLS FARGOL 97 WELLS FARGOL 94 WOODSIDE FIN #EBJ 97 WOODSIDE FIN UILLY197 ZENTRAL UND KOM 1, 91	250 971 -15 150 981 0 300 991 0	福 ?	22,05/01 64 - 15 1.06
NOVA SCOTIA 11 ½ 93	100 1004 -1 100 1004 -1 150 924 -4 100 1024 0 100 1024 0 150 1044 0	18.79 8.92			74	TORAY INDUSTRIES 10/12/90 1054 +415 12
ENTALIS HYDRO 10 L 90	255 071 44 250 1025 44 200 1015 -1	30.16 8.55 8.96	CONVERTIBLE WHOS AMERICAN BANKERS 54, 01,	## Chy on head price rest. 70 871, 41,	11.29	17/06/92 47 9 623
ONTARIO HYDRO 11 % 94	200 1095 +5	1.15 8.96 9.45 9.45 9.84 8.80 9.15 7.00	ARGYLL CROUP 4½ 02 CAMON 300	70 87% -4, 60 100% -4, 100 167% -2, 75 109% -24	41.29 52.18 0.92 18.66	WARRANTS Code Made Avenue
DRIAKU NYUKU 15 92	190 1104 0 150 1845 -4 150 1184 +4 200 1805 +4	7.55 7.50	FILITSU 3 99	160 243 -1 100 435 -5	288 686 580 780 189	AVON CAPITAL 9 93 09/04/89 7 +15 8 80 CREDIT SUISSE PAN 114 92 11/02/92 454 114 98
PACIFIC GAS & FLE 12 50 PACHET GAS & FLE 12 50 PACHET J.C. 12 4 91 PEPSED 18C 74 91 PETTED CARABA 74 96 PETTED CARABA 74 96	75 1084 0 100 1047 -4 200 17 47		GRAND MET 64 02	100 954 +14 200 814 +15	22	FIRMUSH EAP CREDIT 121 91 21/11/80 821 220 984
PETRO-CAMADA 7 4 76	180 90% 0 200 86% -% 200 98% -% 75 182% -%	9.33 8.83 9.73 16.64 9.23	MCA 5-y 02 MITSUBISHI BK 14 02 MEWINGHT MINING 7 01 NIPPON ELECTRIC 23 00	150 81 4 +1 5 150 954 +1 5 200 81 4 +1 5 200 1081 -1 5 300 785 -1 5 300 1144 -1 5 150 3184 +1 7 952 277 +1 7 953 100 -1 5 35 785 +4 1 35 785 +4 1 36 100 +2 5	1 % 1 % 1 % 1 % 2 %	
PRISTANANICI 11 '2 90	75 1827, -4 159 1854 -4 365 354 -4 97 954 -44 159 1874 -4	9.21 9.31 10.26 9.87		150 3181 413 952 273 41 960 1006 41	-277 -48.33 -2.34	WESTBAC GALLINING 1
CURENTLAND COVT 114, 89	150 1674 +\ 100 1634 B	1.50 6.77	SAWAS BANK 14 02	35 78 1 1 120 109 +25	-48.38 -2.24 73.96 -3.87	10 07 -24 10 07

STRAIGHT BORDS: Yield to redemption of the mid-price. Amount issued is expressed in militions of currency units except for Yen bonds, where it is in billions for the price of the price of

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Da]

£125,000,000

The Royal Bank of Scotland pic

10% per cent. Subordinated Bonds due 1998

Guaranteed on a subordinated basis by The Royal Bank of Scotland Group plc

Issue Price 101% per cent.

Union Bank of Switzerland (Securities) Limited

Charterhouse Bank Limited

Chase Investment Bank

Merrill Lynch International & Co.

Security Pacific Hoare Govett Limited

S. G. Warburg Securities

Banque Bruxelles Lambert S.A.

Baring Brothers & Co., Limited

Crédit Commercial de France

Goldman Sachs International Corp.

Hambros Bank Limited

Phillips & Drew

Kidder, Peabody International Limited

Kleinwort Benson Limited

Nomura International Limited Salomon Brothers International Limited

Shearson Lehman Brothers International SBCI Swiss Bank Corporation Investment banking

This announcement appears as a matter of record only.

12th April, 1988

ECU 150,000,000



European Investment Bank

7½ per cent. Bonds due 1996

Issue Price 101% per cent.

Union Bank of Switzerland (Securities) Limited

Mitsubishi Finance International Limited

Banque Bruxelles Lambert S.A.

Banque Paribas Capital Markets Limited

Cassa di Risparmio delle Provincie Lombarde-CARIPLO

Crédit Commercial de France

Crédit Lyonnais

Deutsche Bank Capital Markets Limited

BNP Capital Markets Limited

Banco di Roma International S.A.

Banca Nazionale del Lavoro Bankers Trust International Limited

Banque Internationale à Luxembourg S.A.

Bayerische Hypotheken- und Wechsel-Bank Aktiengeselischaft

Bayerische Landesbank Girozentrale **Daiwa Europe Limited**

Caisse Centrale des Banques Populaires Generale Bank

Genossenschaftliche Zentralbank AG

The Long-Term Credit Bank of Japan (Europe) S.A.

Merrill Lynch International & Co. The Nikko Securities Co., (Europe) Ltd.

Morgan Stanley International Rabobank Nederland

This announcement appears as a matter of record only. These Notes have not been qualified for sale under the securities laws of the United States of America.

U.S.\$100,000,000



THE TORONTO-DOMINION BANK

(a Canadian chartered bank)

8 per cent. Deposit Notes due July 5, 1990

Issue Price 101.0625 per cent.

Union Bank of Switzerland (Securities) Limited

Banca del Gottardo

Banque Bruxelles Lambert S.A.

Banque Internationale à Luxembourg S.A.

McLeod Young Weir International

Commerzbank Aktiengesellschaft

The Nikko Securities Co., (Europe) Ltd.

Goldman Sachs International Corp.

Prudential-Bache Capital Funding

Swiss Cantobank (International)

This announcement appears as a matter of record only. These Notes have not been qualified for sale under the securities laws of Canada or the United States of America.

Can. \$300,000,000



BCE Inc.

95/8% Series 4 Notes, Due 1993

Issue Price 1013/8%

Union Bank of Switzerland (Securities) Limited

Crédit Lyonnais Generale Bank

Dresdner Bank Aktiengesellschaft Hambros Bank Limited

Merrill Lynch International & Co.

Nomura International Limited

RBC Dominion Securities Inc.

Salomon Brothers International Limited

Wood Gundy Inc.

Merck, Finck & Co.

Schweizerische Bankgesellschaft (Deutschland) AG

Manufacturers Hanover Limited McLeod Young Weir International Limited Richardson Greenshields of Canada (U.K.) Limited

Schweizerische Hypotheken- und Handelsbank Vereins- und Westhenk Aktiengesellschaft

Islamic investment houses fear curbs plan

By Tony Walker in Cairo

ISLAMIC investment companies in Egypt were studying over the weekend a draft law aimed at curtailing their activities, amid indications that heads of these institutions will seek substantial modifications

to the new regulations.

Mr Tareq Abn Hussein,
chairman of al Hoda Misr, one of the biggest such institu-tions, expressed the concerns of fellow Islamic company rep-resentatives when he said that the new regulations could force a slowdown in his business activities to the detriment

of depositors. The new law requires investment houses, of which there are said to be about 50 operations. ing in Egypt, to convert their operations to that of joint stockholding companies issu-ing shares in exchange for

deposits.
They will also be required temporarily to stop taking deposits when the law, await-ing approval by parliament, comes into force. This is to impose a breathing space on the companies while they decide whether to comply with the new government regula-tions. They are being given three months to indicate whether they will accept the

Companies that elect to reconstitute themselves as joint stockholding entities will be given a year's grace. Those that decide against will be given two years in which to

repay depositors.

Islamic investment houses which have undergone phenomenal growth in the past three years, have been operating virtually free of government regulation. Their success has been based on their payment of dividends of 20 per

cent, or more, on deposits.

The Government has become increasingly alarmed over the security of deposits. It fears that some of these institutions may be operating pyramid schemes whereby they pay div-idends out of the funds of new

Islamic institutions, so called because they technically do not pay interest on deposits because of the religious ban on den reserves, increased by 17.3 usury, have been offering per cent to R71.3m (\$13.3m) from the previous year's R60.8m, while available from banks.

Losses at Koor Industries expected to reach \$180m

tries - the leading Israeli com-pany responsible for more than

electronics concern, and two large chemical companies, Makhteshim and Agan.

Negotiations are underway with an unnamed foreign com-pany to take control of Tadiran, which, together with General Dynamics, recently won a poten-tially huge contract from the US

None of the group's big

for contravening the gentlemen's agreement under which they

undertake to ascertain the iden-

tity of their clients.

The convention de diligence

aims at preventing Swiss bank

secrecy from being exploited to hide criminally acquired money.

The self-regulating device was put in place by the banks themselves, to ward off sterner official

action, after the misappropriation of some SFr2bn (\$1.39bn) clients' funds at the Chiasso branch of

BY JIM JONES IN JOHANNESBURG

it received from UBS Holdings

BY WILLIAM DULLFORCE IN GENEVA

in 24 cases over the last 10 years the end of last year.

tries — the leading Israeli company responsible for more than 10 per cent of the country's gross national product — is expected to reach US\$180m, far higher than earlier estimates. If confirmed, this would be a record for any Israeli enterprise.

Preparing for the publication of its results, on June 27, the trades union-owned group is busily engaged in trying to find purchasers for several of its largest subsidiaries. These include Tadiran, the defence and consumer electronics concern, and two

Swiss tackle bank rule breaches

SWISS BANKS have been fined which had handled 62 cases by enforceable right under the Swiss

In fixing the amounts, the board took into account not only

the gravity of the contravention

but the financial situation of the

bank accused. All the proceeds

The board notes that not one of the banks pleaded guilty, most of them arguing that they had

of some SFr2bn (\$1.39bn) clients' respected the spirit, if not the in operation since the end of last funds at the Chiasso branch of letter, of the agreement. The year, following the Swiss most common fault unveiled by National Bank's decision to with the complaints made to the board draw as referee. The board has this code of good behaviour have waried from SFr2,000 to tary evidence of the identity of a commission, which is empowered to improve fine the spirit, if not the in operation since the end of last they had. A revised agreement has been replaced agreement has been replaced by an autonomous tary evidence of the identity of a commission, which is empowered the spirit, if not the in operation since the end of last the spirit, if not the inotention since the end of last the spirit, if not the inotention since the end of last the spirit, if not the inotention since the end of last the spirit, if not the inotention since the end of last the spirit, if not the inotention since the end of last the spirit, if not the inotention since the end of last the spirit, if not the inotention since the end of last the spirit, if not the inotention since the end of last the spirit, if not the inotention since the end of last the spirit, if not the inotention since the spirit, if not the inotention since the end of last the spirit, if not the inotention since the end of last the spirit, if not the inotention since the end of last the spirit, if not the inotention since the end of last the spirit, if not the inotention since the end of last the spirit, if not the inotention since the end of last the spirit, if not the inotention since the end of last the spirit in th

SFr500,000, according to a report client. to impose fines of up to SFr10m from the Board of Referees, Bank clients' privacy is still an on defaulters.

VOLKSKAS, South Africa's 16.5 per cent to R8.9bn from hoped controls would help slow the rate at which interest rates increased its disclosed, after-tax profit in the year to March 31, 1938, but says it was unable to apply fully the additional capital value of the profit of R42.5m from R29.7m. UBS contributed to a drop in per value of the profit of R42.5m from R29.7m. UBS contributed to a drop in per value of the profit of R42.5m from R29.7m.

Volkskas ahead by 17.3% to R71.3m

were handed over to the Interna- convention de diligence is to pre-tional Committee of the Red vent the proceeds from drug traf-

LAST YEAR'S loss at Koor Indus- army. Several previous court- sidiaries are in sound financial tries — the leading Israeli com- ships have, however, been broken shape. Alliance, the tyre-making

loss had jumped from a preliminifically by "hand-outs" from the nary figure of around \$100m to Government or the Histadrut, the \$180m was given to the Koor labour federation, its parent comboard's financial committee last pany. One commented yesterday Thursday. Efforts, it was said, that the troubled group would were being made with the com-pany's accountants to find ways of reducing the red ink.

encounter great difficulty in sell-ing its assets if it did not first tackle the fundamental problem None of the group's bigger sub- of overmanning.

Civil Code. A bank can divulge information about a client's

One important purpose of the

ficking and other criminal activi-ties from being laundered through Swiss banks.

A revised agreement has been

Allibert expands in W Germany By Paul Betts in Paris

Sommer

SOMMER ALLIBERT, the French plastics processing group, has acquired for FFr320m (\$55m) the West German Besmer Triangel concern, which specialises in wall and floor coverings as well as car-pets and other components for the car industry.

The friendly acquisition is part of Sommer Allibert's

efforts to expand its interna-tional presence by investing in industrial activities in foreign

countries.
Mr Bernard Deconinck, chairman of Sommer Allibert, said yesterday that the German company had attracted his group because their respec-tive operations were comple-

mentary. Sommer Allibert has become in recent years one of the leading European wall and floor covering manufacturers. It is also a leading supplier to the

automobile industry.

The group had for some time tion of the West German mar-ket, which accounted for only affairs only when it has been shown that a crime has been 8.4 per cent of its total sales of FFr6.7bn last year.

> Following the acquisition, West Germany will now account for about 18 per cent of Sommer Allibert's total sales.

> Mr Deconinck said sales this year would rise to nearly FFr9bn as a result of the acquisition.

> Sommer Allibert is acquiring Besmer Triangel through its German subsidiary, ADT, which is being renamed Sommer Allibert Industrie.

The subsidiary, quoted on the Frankfurt stock exchange, is planning a DM66m capital increase to help finance the acquisition, guaranteed by Sommer Allibert International, the Amsterdam-based interna-tional holding company of the French group set up to finance the international development of the company.

The international holding company will also advance a DM30m eight-year loan to the German subsidiary. Sommer Allibert recently

reported a 50 per cent increase in net profits to FFr315m last year, from FFr212m the previ-

1	NEW I	NTERN	MOITA	IAL B	DND I	SSUES	į
Borrowers	Amount m.	Maturity	Av. IIfe years	Coupon	Price	Book runner	Offer yield
US DOLLARS Hino Motors++	100	1993	- 5	44	100	Yamaichi Int (Eur)	4.125 4,125
Sumitomo Bakelite#	150	1993	555547\$5555555555	41	100	Nomura Int.	4,123
Settsu Corp. 🍑	120	1993	5	41	100 100	Dajwa Europe Nilsko Secs (Furope)	4.125 4.125
Gunze Ltd 🍑 Mitsubishi Heavy Ind.🝑	150 400	1993 1992	2	41. 31.	100	Nikko Secs (Europe) Nikko Secs (Europe)	2.750
Mitsubishi Heavy Ind.	200	1995	7	5	100	Mikko 2662 (Friloha)	5.000 4.000 4.125 4.125
Alçan Finaπces (d)§♦	150 250	2003	15	4 41 ₈	100 100	CSFB Yamaichi Int.(Eur)	4.125
Showa Denkooo	250 150	1993 1993	ş	414	100	Dajwa Europe	4.125
Ushlo Inc.00 Nippon Express00	400	1993	5	41	100	Nomura Int.	4.125
Shinko Shoji Co.#	65	1993	5	(44)	100	Dalwa Europe Nomura int.	*
Itoki Kosakusho Co.	50 40	1993	5	(44) (44)	100 100	Daiwa Europe	*
Copyer Co.0 Kato Spring Works0	40	1993 1993	5	(44)	100	Daiwa Europe Yamaichi int.(Eur)	*
Kato Spring Works Asahi Chemical Ind.	300	1993	5	(414)	100	Nomura Int. Yamaichi Int.(Eur)	· *
Daido Sanso	50	1993	5	(414) 85	100 101.15	CSFB	8.177
IBM Credit Corp.♦ Yasuda Tst & Fin.(HK)♦	250 150	1991 1993	ş	93	1014	Goldman Sachs Int.	8.926
General Motors Corp.	200	1992	4	91 ₈ (43 ₄)	101 12	Morgan Stanley Int.	8.666
Sapporo Brewerieso	300	1993	<u>\$</u>	(414)	100 100	Yamaichi Int.(Eur) Nomura int.	*
Uny Co.4	150	1993	5	(414)	100	ноция пк.	
AUSTRALIAN DOLLARS							<u>-</u>
	175	1998	10	912	100	Morgan Stanley Int.	9.500
Pioneer Concrete Fin.§ Ford Credit Australia	50	1993	5	בּוֹבָנוֹ	102	Hambros Bank	12.932
Sanwa Australia (e)##	50 100	1993	Š	-30bp	100.10	Sanwa Int.	•
<u>-</u>						•	
D-MARKS							6.250
Bond Finance (DM)	150	1993	5	64	100	BHF-Bank	0.230
CHIEC EDANCE							
SWISS FRANCS		1002			100	Handelsbank NatWest	0.250
Kaga Electronics***	60 30	1993 1993	-	14 26 (11g)	100	Bank Julius Baer	0.875
Takasago Int.Φ★★♦ Yuraku Real Estate★★§	90	1994	-	(112)	100	SBC	· - *
Rhone-Poulenc (a)★★◆	100	1994 1993	-	234	1014	UBS	2.481
Denki Kogyo Co. ** City of Vienna (a) **	30 75	1993	-	(<u>1</u> 1/2)	100 100	UBS Kredietbank (Suisse)	3.250
City of Vienna (a)*** Xerox Corp.***	100	1995 1993	-	314	10012	UBS :	3.888
Ultramar Cap.Corp.♦	150	1996	-	5ìs	100	UBS	- 5.125
Asahi Chemical Ind.**§	200	1993 1993	-	άĩ	100	UBS	4.472
Sasaki Glass Co.★★◆	20 30	1993	•	415	100 ±	Bank Leu Handelsbank NatWest	*
Fuji Klko Co.★★§	30	1993	-	W.	TAG	(Witherstoner Languages	
STERLING							•
	- 50	1993		44	100	CSFB	4.250
Settsu Corp.44 British Telecom4	50 100	1993	5 5 5	91.	1013	Kleinwort Benson	8.897
Japan Dev. Banka	100	1993	5	94	101%	Warburg Securities	8.834
Bond Corp. (h)5+	100	1998	10	6	100	Salomon Brothers	6.000
ECUs							
Chase Manhattan (f)	60	1993	5	71 _a 73 _a	100	Kredietbank Int.	7.375 7.039
World Bank 	100	1993	5	73	101.2	Bank of Tokyo	J.437
EDENCH EDANCE							
FRENCH FRANCS	000	1002		01	1015	Credit Lyonnals	8.339
CCCE+	800	1993	5	84	10T-4	Credit Chambro	0.507
LUXEMBOURG FRANCS						001	7 250
D'leteren Trading BV**	300 300	1993 1993	5 5¾	74 74	100 100½	SGL Su	7.250 7.122
Rabobank Nederland★☆◆	300	1993	24	/ 4	100-2	OIL	
GUILDERS							
	100	1993		63	100	Amro Bank	6.375
Buehrmann-Tetterode★★♦ Olivetti Int.♦	200	1993	5	6	1014	CSFB-Nederland	5,735
Onsetts inc.4	LUD		-	. •			
YEN				•		· · · · · ·	<u>. </u>
Swedbank (b)	5bn	1992	414	634	1014	Morgan Stanley Int.	6.258 6.525
Toronto Dominion Bk(b)	3ba	1992	4	77	1015	Goldman Sachs Int.	6.525
Toronto Dominion Bk(b)	5bn	1993	5	7	101%	Goldman Sachs Int.	6.548
Smart Three Ltd. (c)	4.3bn	1993	5	54	101.4	Sumitomo Fin. Int.	4.819 4.714
Halifax Building Soc.♦ Cie Bancaire (g)♦	20bп 6bп	1993 1993	5 5 5 15	5 51 ₂	1014	Nomura int. Bank of Tokyo	5.038
Cie Bancaire (g/• Finland•	15bn	2003	15	5.3	1002	Nomura Secs.	5.320
Abba National D.Co.	1.5k-	1002	==	Ēī.	1012	Dalues Europe	464

4.696

Volkskas tends to be less share earnings to 186.4 cents aggressive and informative than from 199.06 cents. The dividend its competitors, but appears to for the year has been increased to last August. The taxed profit, calculated after transfers to and from hidhave a comparatively large expo- 73 cents from 66 cents. Remsure to the troubled farming sec-tor. Recently, the bank's econo-mists called for import controls. est shareholder, with 20 per cent

advances to customers rose by According to competitors, it was of the equity.

This announcement appears as a matter of record only.

22nd March, 1988



U.S.\$300,000,000

Republic of Portugal

8¼ per cent. Notes due 1991

Issue Price 1011/s per cent.

Union Bank of Switzerland (Securities) Limited

Banque Paribas Capital Markets Limited

Commerzbank Aktiengesellschaft

Credit Suisse First Boston Limited

Daiwa Europe Limited

Merrill Lynch International & Co.

Algemene Bank Nederland N.V.

Banque Bruxelles Lambert S.A.

Crédit Lyonnais

Dresdner Bank Aktiengesellschaft

IBJ International Limited

Kuwait International Investment Co. s.a.k.

The Nikko Securities Co., (Europe) Ltd.

Sumitomo Finance International

Bank of Tokyo Capital Markets Group

Crédit Commercial de France

Deutsche Bank Capital Markets Limited

Goldman Sachs International Corp. Kredietbank International Group

Morgan Stanley International

Prudential-Bache Capital Funding

Westdeutsche Landesbank Girozentrale

New Issue May 26, 1988

société nationale elfaquitaine

Abbey National B.Soc.

ECU 50,000,000 7% per cent. Notes due 1993

Bankers Trust International Deutsche Bank Capital Markets Algemene Bank Nederland N.V. Julius Baer International Bank Brussel Lambert N.V. Bank of Tokyo Capital Markets Banque Générale du Banque Paribas Capital Markets Luxembourg Société Anonyme **BNP Capital Markets** Commerzbank Creditanstalt-Bankverein Aktiengesellschaft **Dresdner Bank** Generale Bank Genossenschaftliche Zentralbank Aktiengesellschaft Aktiengesellschaft Kredietbank S.A. The Nikko Securities Co., Kansallis-Osake-Pankki Luxembourgeoise (Europe) Ltd. **SBCI Swiss Bank Corporation** Sanwa International Limited Union Bank of Switzerland Investment banking Ltd (Securities) Limited Yamaichi International (Europe) Westdeutsche Landesbank Girozentrale

compares

Sound Diffusion restructure and reorganisation

Sound Diffusion, electrical equip- 1987 when Sound Diffusion first ment leasing group, will today delayed its results and then announce a comprehensive announced that it was locked in restructuring and reorganisation dispute with its auditors. Eventupackage, following a complete ally, the anditors had their way review of the group's operations and Sound Diffusion's chairman, by the new management. Mr Paul Stonor, was forced to by the new management.

The reorganisation will result in a further 70 job losses at the more than £4m lower than his earlier estimates.

Brighton-based group, and will mean that about 20 per cent of The resulting shareholders' the workforce will have been rebellion led to Mr Stonor's resigshed since the new directors took nation and the arrival of Mr Maccharge in November last year.

Mr David Macdonald, the new

chairman, is reorganising the group on regional lines, rather than the product-based divisions which previously existed. The old system resulted in overlapping sales teams and confusion for the customers, who were often-approached by several different representatives of the company selling different products. As a further part of the reor-

ganisation, three new executive directors have joined the board - Mr Gordon Webster, Mr David Rosbrook and Mr Terry Rance -as operations director, technical director and personnel director

past three years. The problems began in the last quarter of 1984 when a series of cancellations and delayed new orders caused a

with the City when it missed its profits forecast for the following

The crisis came to a head in Diffusion to financial health.

WCRS expands via Taiwan deal

By Flona Thompson

WCRS, the advertising agency has extended its Pacific Basis operations through an acquisition in Taiwan. It has pur-chased an initial 40 per cent interest in Intelligent Adver-tising Agency and plans to acquire a further 40 per cent in five tranches of 8 per cent

WCRS is to pay £450,000 for the first 40 per cent, through the issue of new WCRS shares at the mid-market price ruling on June 30. The maximum consideration for the 80 per cent

holding is £2.7m.
Intelligent, one of the top 15 agencies in Taiwan with billings of over US\$9m (£5m), will be renamed The Ball Partner-ship Taiwan. It employs 50 people and includes Philips, Castrol Oil, Sharp, Mazda and Canon among its clients. Pre-tax profits for the year ended December 81 were T\$8.3m (approximately £154,000).

Australian fund lifts water company stake

Associated Insurance Pension Fund has increased its stake in Mid-Sussex Water Company from 16.7 to 17.2 per cent of

the voting capital.

AIPF is an Australian pension fund which has been building up investments in three adjacent statutory water

It has declared a 25.8 per cent stake in East Surrey Water Company and a 20 per cent holding in West Kent Water Company. The companies said they believed AIPF's intentions were friendly.

FT Share Service

The following securities were added to the Share Information Service in Saturday's edi-

Clinton Cards (Section: Stores). Dudley Jenkins (Paper). Johnston Press (Newspa-

pers.

Kitty Little (industrials).

Merchant Manufactory

Estate (Property).

Moorfield Estates (Property). Morris Ashby (Enginee Porvair (Chemicals). Resort Hotels (Hotels).

ALUMINIUM

26th October 1988 or write to HTM at

FINANCIAL TIMES

The Financial Times roposes to publish this 21st June 1988 For a full editorial synopsis and advertisement details, Anthony G Hayes on 021-454-0922 or write to him at:

Financial Times George House George Roud Edgbaston mingham B15 1PQ FINANCIALTIMES

Crown Communications Group PLC (formerly Crown Talevision Productions PLC) (Registered in England, No. 855598)

INTRODUCTION

Share Capital

£1,687,034

1988 and up to and including Monday. 20th June, 1988 from:-

Crown Communications Group PLC

Nikki Tait on the controversy surrounding the proposals by TR Natural Resources

Minority squeezed into unenviable position

Upheavals in the investment How the Trust's performance trust sector are scarcely news these days and changes afoot at TR Natural Resources, an £85m fund and still nominally part of the Touche Remnant stable. might normally pass with little comment. But it looks as if a few unexpected sparks could fly at tommorrow's extraordinary meet-

Amongst a heap of proposals for the trust - including new management, new name, new investment policy, and a scrip issue of warrants - is a suggestion that the managers should be able to take a few chunkier investments if they so wish. In formal terms, this requires a

change to the articles of association. An amendment to permit single investments of up to 15 per single investments of up to 15 per cent of the company's assets, pro-vided these do not account for more than 40 per cent of assets overall, is being proposed. For the remaining 60 per cent, single investments should not exceed 3 per cent of assets each.

Britain's larger insurance companies. Their standard formula requires that 40 per cent of assets are devoted to investments which do not exceed 8 per cent of the total portfolio each. The other 60 some of TRNR's institutional find virtually all the preference shares and a 75 per investors are believed to be preference shares and a 75 per cent majority is required, the odds on a rebuff look high. Last week, even TRNR chairman Dertotal portfolio each. The other 60 posed amendment. The grouse motion could fall.

Perkins buys

shellfish

supplier

By Vanessa Houlder

pany, has bought the Sefton

Meadow Group, a shellfish sup-

plier, for a maximum of £2.09m.
The acquisition is the second

made by the new management who joined the company last

August and follows the purchase

with the company's strategy of

acquiring food companies with favourable positions in growing

Sefton Meadow processes, imports and distributes fresh and

frozen shellfish to retailers, cater-

ers and wholesalers in the UK and Europe. The company made

pre-tax profits of £192,000 for the

year ended February 31 1988, after a payment to retiring direc-

tors of £146,000. Net assets were

£567,000.

An initial consideration of

£1.45m will be paid with £725,000

in cash, £325,000 in shares and £400,000 in convertible preference

shares. A further payment of up to £643,500 will depend on profits.

INTERNATIONAL INVESTMENT

Trust Jersey has exchanged con-tracts for the sale of Appold

Street for the sale of Appoint
Street facehold property in City
for £3.55m gross. Proceeds will
repay £1m indebtedness and
expand general investment port-

folio. Property stood in books at £1.73m and produced rent of

SWEDEN

The Financial Times

proposes to publish this

survey on:

June 16th

For a full editorial synopsis

and advertisement details,

please contact:

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Bracken House

10 Cannon Street

London

EC4P 4BY

FINANCIAL TIMES

U.S. \$50,000,000

IBM Credit

Corporation

Floating Rate Yen Linked Notes due 1995

n accordance with the provision

in accordance with the provisions of the Notes, notice is hereby given, that for the six months interest period from June 6, 1988 to December 6, 1988 the Notes will carry an interest rate of 8% per annum. The amount payable on December 6, 1988 against Coupon No. 6 will be U.S. \$408.87 per U.S. \$10,000 principal amount. By: The Casse Mashattas Beak, N.A. Lodos, Agast Beak

BfG Finance Company B.V.

U.S. \$100,000,000 FLOATING RATE NOTES DUE 1996

of the Notes, notice is hereby

given that for the Interest Period

6th June, 1988 to

ed Montage & Co. Limi

June 6, 1988

£100,000 last year.

or segmented markets.

77 per cent should go into invest- rests most strongly with the prefments keeping to the 3 per cent limit. (That, then, implies a mini-

1982
Name changed from Sphere to TR Natural Resources and impashment policy stored

900

mum 25 investments overall).

It should be said that many trusts do not have such a restric-tion written into their articles, Unfortunately, this cuts and that official restrictions are cent). straight across a long-standing less stringent. Nevertheless, Sinc investment guideline adopted by some of TRNR's institutional institu

erence shareholders - who stand as the second largest investment may well be welcome. That said to get no benefit from any riskler company in Norway, made clear minority shareholders have

COMPANY NEWS IN BRIEF

quoted under rule 535 (2), has cash and Peartree Business Cenjoined the Third Market. The tre, Colchester for £1.65m cash introduction was sponsored by These are the last properties in CGS Securities. the portfolio of trading stock, and the company is moving to revital-Perkins, a USM-quoted food com-**CGS Securitles**

15 office and retail properties for ise by active management the 170 some £30m, and proceeds will freehold properties, Langham greatly improve gearing following recent purchase of Centrovining recent purchase re Fraser department stores. Some asset value per 25p share 257.3p £25m of total disposal price at April 30 1988 (238.7p at end of the Baxter Group in April. Mr Howard Phillips, chief executive, said the deal was in line accounted for by properties in October last). Available revenue for ordinary shareholders for half

City and south.

GROUP DEVELOPMENT Capital year to April 30 £924,000
Trust: Net asset value per 10p £878,000) after tax of £389,000
share 35.4p (36.7p) at March 31 £284,000) and preference dividend 2.3p £2.125p).

Common dividend 2.3p £2.125p).

Comparative figures restated. **BOARD MEETINGS**

The following companies have notified dates of tourd meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering divigency. Official indications are not available as to whether the dividences are interims or finals and the sub-divisions shown below are based mainly on last year's traptersrend, NMC Group, Oxford Instruments, Sher-aton Securities, Seatchiey, Zandpen Gold Mining FUTURE DATES

U.S. \$100,000,000



The Export-Import **Bank of Korea**

Floating Rate Notes due 1995

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest Period from June 6, 1988 to December 6, 1988 the Notes will carry an interest Rate of 81/6% per annum. The interest payable on the interest payment date, December 6, 1988 against Coupon No. 6 will be U.S. \$20,651.04 and U.S. \$413.02 respectively for Notes in denominations of U.S. \$500,000 and U.S. \$10,000.

By: The Chase Manhettan Bank, N.A. London, Agent Bank

June 6, 1988



TOPS SERIES III LIMITED

(Incorporated with limited liability in the Cayman Islands)

U.S. \$110,000,000

Series III Floating Rate Trust Obligation

Participation Securities due 1992 Secured by a Charge on a Portfolio of Fixed Rate Bonds and

Notes with an aggregate principal amount of U.S. \$159,810,000 For the period 2nd June, 1988 to 2nd December, 1988 the securities will carry an interest rate of 8.15% per annum with a coupon amount of U.S. \$10,357.29 per U.S. \$250,000 denomination and U.S. \$20,714.58 per U.S. \$500,000 denomination, payable on 2nd December, 1988.

Listed on the Luxembourg Stock Exchange

Benkers Trust Company, London

Notice of Early Redemption

U.S. \$300,000,000 ireland

Floating Rate Notes due 1994

Notice is hereby given in accordance with condition 6 (b) of the Terms and Conditions of the Notes, that all outstanding Notes will be redeemed at their principal amount on July 13, 1988 when interest on the Notes will cease to accrue. Payment of principal together with payment of interest in respect of Coupon No. 9 will be made in accordance with Condition 5 of the Terms and Conditions of the Notes, at the offices of any of the Paying Agents who are listed in the Terms and Conditions of the Notes.

By: The Chase Marrhattan Bank, N.A. London, Flecal Agent

VICTORIA HALL COMPANY, LINGTED NLS.S.II,000.000 GUARANTEED FI DATEN RATE NOTES DUE 1992 the Notes, notice a hereby given that the Rage of learness for the period lune 6, 1969 to Decrember 6. 1988 will be 7975% p.z. and the amount payable per U.S.\$10,000 denominations will be U.S.\$40540 and per U.S.\$600,000 nazoons wall be U.S.\$4,053-%

Agent Bank

Quite why TRNR ever wanted this wider investment freedom in the first place is something of a mystery. "You may well ask what the point of the change was," says Mr Pease, adding firmly that he creating invest. firmly that no specific investing adopts a general, broadly-based ments had been lined up.

gian investment company called Touche Remnant in termination Platou bought a 28.8 per cent fees. Since Platou holds a controlstake in TRNR. In September last ling stake in TRNR, these year, it followed up with a bid for a controlling interest, saying that the converted of events and utiched to improve the control to well as the converted of events. and wished to increase its expo-

investment policy, although they that it envisaged a stake of just are being offered the sop of a over 50 per cent and planned to higher coupon on their shares retain both the listing and (4.25 per cent against 3.5 per cent).

Touche Remnant as fund manage, count to assets on the trust stands at a hefty 27 per cent, ers. However, the terms of the with little prospect of corporate institutions hold virtually all the or 95 per cent in Platou share — that fact, and the current level of the course of the were not noticeably generous, the shares, investors may be and were strongly rejected by TR. When TR proposed to draw up its in, they are entrusting their own plans, Platou said it would money to a relatively untried block any in-house reconstruc-tion. In short, shareholders were individuals involved have experi-

> bid or no change. Now, having acquired 50.1 per

ments had been lined up.

But, then again, some shareholders may feel that events at
the trust have been less than

mest a general, industry-based
investment policy; and takes on a
recently-formed management
company, Marathon, to handle
investments. TRNR has condicrystal-clear for some while.

The recent upheavals have their origins back in November 1986, when an unlisted Norwegian investment company of their origins back in November 1986, when an unlisted Norwegian investment company of their origins back in November 1986, when an unlisted Norwegian investment company of their origins back in November 1986, when an unlisted Norwegian investment company of their origins back in November 1986, when an unlisted Norwegian investment company of their origins back in November 1986, when an unlisted Norwegian investment of their origins back in November 1986, when an unlisted Norwegian investment of their origins back in November 1986, when an unlisted Norwegian investment of their origins back in November 1986, when an unlisted Norwegian investment of their origins back in November 1986, when an unlisted Norwegian investment of their origins back in November 1986, when an unlisted Norwegian investment of their origins back in November 1986, when an unlisted Norwegian investment of their origins back in November 1986, when an unlisted Norwegian investment of their origins back in November 1986, when an unlisted Norwegian investment of their origins back in November 1986, when an unlisted Norwegian investment of their origins are not original to the normal to the

nd wished to increase its expo-ure.

Clearly, the sequence of events has been quite legitimate, and the change in investment policy effectively left with the Platon ence with larger fund management groups - in a situation where they have no control.

BARBICAN HOLDINGS, the PRIEST MARIANS Holdings has industrial property and services contracted to sell Vicarage Farm company that was recently Road, Peterborough for £2.7m quested under rule 535 (2), has cash and Peartree Russings Company that was recently Road, Peterborough for £2.7m quested under rule 535 (2), has cash and Peartree Russings Company that was recently Road, Peterborough for £2.7m quested under rule 535 (2), has cash and Peartree Russings Company that was recently Road, Peterborough for £2.7m quested under rule 535 (2), has cash and Peartree Russings Company that was recently Road, Peterborough for £2.7m quested under rule 535 (2), has cash and Peartree Russings Company that was recently Road, Peterborough for £2.7m questions from the floor." suggests Mr Pease, preparing for the grant of the first that the contracted to sell vicarage Farm questions from the floor." suggests Mr Pease, preparing for the grant of the first that the contracted to sell vicarage Farm questions from the floor." suggests Mr Pease, preparing for the grant of the first that the contracted to sell vicarage Farm questions from the floor." suggests Mr Pease, preparing for the grant of the first that the contracted to sell vicarage Farm questions from the floor." suggests Mr Pease, preparing for the grant of the first that the contracted to sell vicarage Farm questions from the floor."

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except when the forthcoming board meetings (indicated thus ") have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement

Sale	Announce- ment test year	Date	Amgun ment li yeer
* Argyd Group	Final 6.0 Final 6.5 Final 6.0 Final 5.1 Final 5.1 Final 4.0 Final 4.0 Final 2.25 Final 2.5 Final 1.9 Final 0.5	Ot Portland	Final 4.4 Final 3.5 Final 3.7 Final 3.8 Final 4.0 Final 4.0 Final 4.7 Final 4.7 Final 15.1 Final 2.7

GRANVIL

SPONSORED SECURITIES Yield % P/E 8.7 10.0 3.8 B.5 4.4 • 7617 Ass. Brit. Incl. Ord ... Armitage and Rhodes BBB Design Group (USM) . 38 &6 1.7 27.2 6.7 . 3.7 10.2 Brembill Com Pref . CCL Group Ordinary | Brembill Com Pref | 1011 | CCI, Erroup Brellmary | 1750 | CCI, Group 11% Come Pref | 16740 | Carbo Pic (SE) | Carbo 7.5% Pref (SE) | Carbo 8.0% Pref (SE) | Carbo 8.0% Pref (SE) | Carbo 9.0% Properties | Carbo 9.0% Pref 4.6 4.0 10.5 14.7 6.1 10.3 3.7 9.2 -1.6 5.9 3.4 10.8 32 131

Securities designated (SE) and (USAN) are desit in subject to the rules and requiations of Exchange. Other securities listed above are dealt in subject to the rules of TSA

These Securities are dealt in strictly on a matched bargain basis. Neither Grauntile & Co nor Grauntile Davies Ltd are market makers in these securities.

Granville & Conspany Limited 8 Lovet Lane, London ECJR SSP Telephone 01-621 1212 Member of TSA

8 Lovet Late, London ECIR SEP Telephone 01-621 1212 Member of the Stock Exchange & TSA

BankAmerica Corporation

U.S. \$400,000,000 Floating Rate Subordinated Capital Notes Due 1997

Holders of Notes of the above issue are hereby notified that for the next Interest Sub-period from 7th June, 1988 to 7th July, 1988 the following will apply: 1. Interest Payment Date: 7th September, 1988

2. Rate of Interest

71/2% per annum for Sub-period: 3. Interest Amount payable US \$325.52

per US\$ 50,000 nominal for Sub-period: Accumulated Interest Amount payable:

per US\$ 50,000 nominal 5. Next Interest Sub-period will be from

7th July, 1988 to 8th August, 1988. Agent Bank

Bank of America International Limited

Provinsbanken A/S

U.S. \$60,000,000 Floating Rate Capital Notes 2000 For the six month period 6th June, 1988 to 6th December, 1988

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 8½ per cent. per annum, and that the interest payable on the relevant interest payment date, 6th December, 1988, against Coupon No. 6 will be U.S. \$204.92.

S.G. Warburg & Co. Ltd.

FINANCIAL TIMES STOCK INDICES
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 May.
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 Since Compilation

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systems; Tunstall, which makes emergency alarm equipment, thought there was logic in a merger.
Although Sound Diffusion rejected the approach, Tunstall respectively.
It is a substantial overhaul for still owns 4.9 per cent of the ordinary equity, and it recently company which has been added 17.8 per cent of the group's dogged by controversy for the convertible preference shares. So Mr Macdonald realises he has to produce results quickly if the group is to remain indepen-dent. One important step has

check in the company's - until been taken; a complete review of then - impressive profits record. accounting policies. The review Sound Diffusion's own brokers resulted in an exceptional charge were forecasting £12m pre-tax for of £3.68m against last year's prof1984; the company eventually announced that the out-turn was only £7.44m. And the company did little to repair its relations rights issue to raise extra capital, Mr Macdonald hopes the institu-tions who backed him will give

Rockwood acquisition

Rockwood Holdings, the USM- British & Commonwealth Holdquoted group with interests in ings prior to a director buy-out. It distribution services, electronic suffered a pre-tax loss of £562,000 components and security consultancy, has acquired the Walford.

The acquisition increases Rock-Meadows Group of companies, a wood's international distribution leading international freight for profile, as Walford Meadows has warder, for an initial £5m. An offices throughout the world,

him the chance to restore Sound

donald, a director-general of the Takeover Panel between 1977 and

1979 and Mr Francis Howard, the

former finance director of Char-

management was faced with a

takeover approach from Tunstall

the security equipment group. Amongst the equipment that Sound Diffusion leases to hotels

and nursing homes are fire alarms and communications

Almost immediately, the new

ter Consolidated

dditional film may be payable. Including the US, the far east Walford Meadows was part of Africa and Europe.

First Leisure Corporation PLC

£50,000,000

Sterling Commercial Paper Programme

Arranged by

Hill Samuel & Co. Limited

Dealers

County NatWest Limited Hill Samuel & Co. Limited

Morgan Grenfell & Co. Limited May 1988

This advertisement is issued in compliance with the requirements of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any shares.



The same of the Control the Unlisted Securities Market

Share Capital ordinary shares of 10p each Crown Communications Group PLC (the "Company") was formed by the merger of Crown Television Productions PLC and Chaiford Communications Limited and the enlarged group's business is that of investment in independent local radio, the provision of television facilities and the provision of corporate

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in all the ordinary shares of 10p each in the Company in the United Securities Market. It is emphasised that no application has been made for the securities to be admitted to the Official List. It is expected that dealings will recommence on Thursday 9th June, 1968.

Particulars of the Company are available in the Extel Statistical Services. Copies of such particulars are available during normal business hours on any weekday (Saturdays and public holidays excepted), for collection only, from the Company Announcements Office of The Stock Exchange until Wednesday, 8th June,

Kitcat & Altken & Co.* 71 Queen Victoria Street London EÇ4V 4DE June 6, 1968

oth September, 1988 the Notes 713/10% per annum. The Coupon amount per U.S. \$10,000 Note will be U.S. 5199.65. The Interest Payment Date will be 6th September, 1988.

By: Ciclank, N.A. (CSS) Dept.), Agent Bank

OCHASE

Crown Television Centre Claygate Surrey KY10 OJP

A member of The Royal Bank of Canada Group

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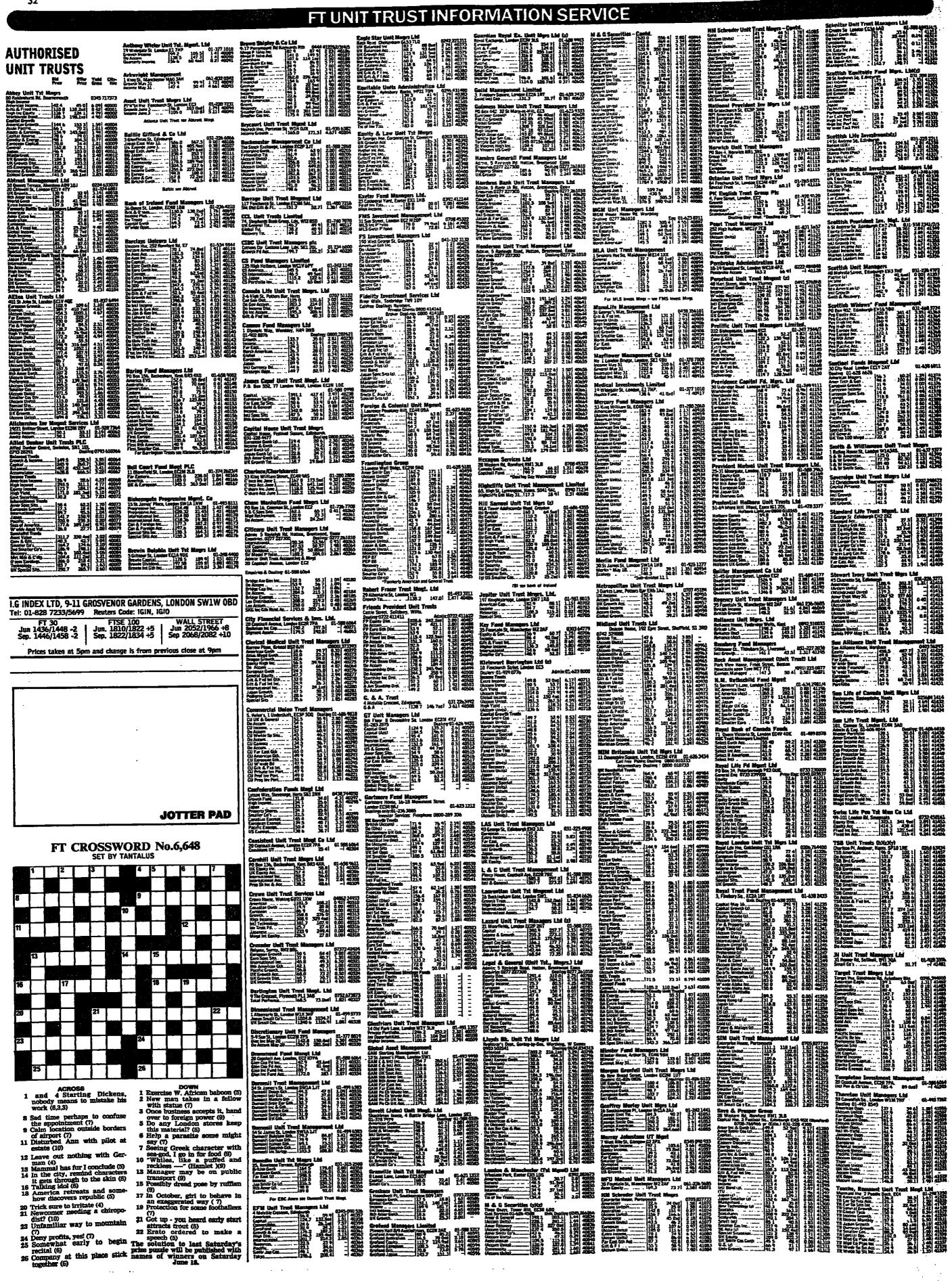
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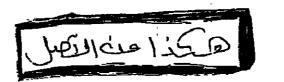
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Financial Times Monday June 6 1988

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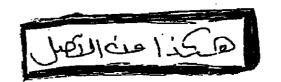
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Financial Times Monday June 6 1988 LONDON SHARE SERVICE **FOREIGN BONDS & RAILS BRITISH FUNDS BRITISH FUNDS - Contd** Price + or Yipid OTHER OFFSHORE FUNDS Index-Linked 77 (75 | 75 | 1782 SEC 1782 78 | 104 | 104 | 104 | 104 | 104 | 105 | 1782 | 136 | 1990t | 104 | 105 | 1872 | 136 | 1990t | 104 | 105 | 1872 | 136 | 1990t | 107 | 105 | 1872 | 126 | 127 | 105 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 **AMERICANS** (1) (2) 0.721 Pacific Basin Fd Prospective real redemption rate on projected inflation of [1] 10°s and (2) 5°s. (b) Figures in parenthese show RPI base month for indexing, it 8 months prior to essee and have been adjusted to reflect recasing of RPI to 100 in Jamany 1987. Conversion factor and 25.05 85.08 INT. BANK AND O'SEAS - 46290 - 46241 - 46242 - 46242 - 46244 - 46244 Five to Fifteen Years
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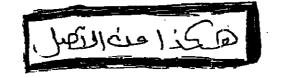
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Table 1

Financial Times Monday June 6 1988 LONDON SHARE SERVICE INDUSTRIALS (Miscel.) - Contil.

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FRIDAY Commons: Debate on Women's

power or regional giant (01-930

rent review conference (01-935

Cafe Royal, London

lor's salary order 1988.

PARLIAMENTARY

TODAY

The Failure to Refer the Nestes

Local Government

Bid for Rowntree to the Monopolies and Mergers Commission",

Motor Vehicles (Wearing of Rear Seat Belts by Children) Bill,

Aerospace bid for Rover.

The Failure to Refer the Nestes

Commons: Housing Bill, progress on remaining stages.

Local Government

Finance Bill, committee.

Motion on the Local Government

Motion on the Local Government

Finance Bill, committee.

Motion on the Local Government

Finance Bill, committee.

TOMORROW Motion on EC document on spray suppression and side remaining stages. remaining stages.
Lords: Local Government Finance Bill, committee,
Access to Medical Reports Bill,
committee. Malicious Communications
Bill, committee.

Trade Fairs and Exhibitions: UK

International Services and Equipment for Aircraft and Airport Operators Exhibition - AIRPORT NEC, Birmingham June 21-23

Business to Business Exhibition Business Design Centre, London

June 16-18 Personal Investment Marketing Show and Conference - PIMS

NEC, Birmingham

International Wallpapers, Wall-coverings, Furnishing Textiles and Household Linen Exhibition -PARITEX (01-225 5566)(until June

June 8-12 International Wine Exhibition VINOVA (01-977 4551)

Institute of Directors: Employee involvement - the benefits for business (01-839 1233)

Dataquest Industry Conference: Planning and positioning for the

sonnel (0491 681010)
Olympia Conference Centre, June 22

June 9
The Institute of Economic Affairs: The future of town and country planning (01-799 3745) Royal Horseguards Hotel, Lon-

International Publishers Association congress (01-580 6321 Queen Elizabeth II Conference,

Financial Times World Gold Conference (01-925 2323)

June 15-16
The Institution of Chartered June 23-24

By generative to generate the generative to the state of the state of

HALCYON DAYS

To Commemorate The Centenary

of The Financial Times

THE FINANCIAL TIMES

Commissioned to celebrate the founding of the

newspaper in 1888. The Bracken House headquarters in Cannon Street. London is surrounded by columns of newsprint, appropriately stappled in pink. £82 "

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Standard & Chartered

Standard Chartered PLC

US\$400,000,000 Undated Primary Capital

Floating Rate Notes (Series 3)

In accordance with the provisions of the Notes, notice

carry interest at the rate of 8.025 per cent. per annum.

Interest payable on 6th December, 1988 will amount to

US\$407.94 per US\$10,000 Note and US\$10198.44 per

Standard Chartered Merchant Bank Limited

Agent Bank

is hereby given that for the Interest Period from 6th June, 1988 to 6th December, 1988, the Notes will

US\$250,000 Note.

Lords: Debate on Middle East Lords: Debate on developments conflict followed by debate on Hong Kong, relating to implementation of the joint declara-Protection of Animals (Amend-

wednesday.

Wednesday.

Commons: Opposition debate: (No 2) Bill, second reading.

Wednesday.

Wednesday.

The ment of the ment action regarding mentally disturbed remand prisoners kept in police cells.

June 19-22 Royal Highland Show (031-333 Exbn & Trade Centre, Edin-

European Computer Communica-tions Conference and Exhibition -NETWORKS (01-668 4466) Wembley Centre

Antiques Fair (04447 2514)
Corn Exchange, Brighton World Wine Fair (including gourmet food section) (01-729 0677) Bristol Exhibition Centre

Overseas Exhibitions

June 11-12
National Country Fair (Dublin 338269)

June 21-24
International Jewellery and Gemstones Fair - INTER-JEWEL

Paris June 20-23 Pacific Transport Freight Distri- June 25-July 1 bution Exhibition and Conference (01-642 7688)

Intrnational Chemical Fair ENCHEBA (01-378 7778)

Business and management conferences

Wales: Banking conference 1988 tional Affairs: China- World (01-628 7060) The Inn on the Park Hotel, June 16-17

Xephon: VM performance HS Conference: The tenth annual Holiday Inn, Swiss Cottage, 2382) London

June 8-9
Intro UK: Recruiting and retaining information technology personnel (Man count)

Training and developing Britain's frost & Sullivan: Business intelligence the management charter initiative and in the sullivanian sulligence to be supposed to the sullivanian sulligence to the sulligence to the sulligence to the sullivanian sulligence to the sull London The Economist Conference Unit: charter initiative and its implications (01-839 7000) Royal Lancaster Hotel, London

don The Chartered Institute of Management Accountants: Management of company turnaround

(01-637 2311) 63 Portland Place, London June 23 July 5-6
Peat Marwick McLintock: Corpo- Financial Times - two confer

rate publishing - overhead or opportunity? (01-236 8000)

Centre, London (01-925 2323)

Accountants in England and The Royal Institute of Interna-Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there have been no changes in the details published

FINANCIAL

Question on government action regarding mentally disturbed

July 15-16 Cash and Carry Fashion Fair Kensington Town Hall

Trade Opportunities in China (seminar on July 22)(0772 203020) Preston Guild Hall

July 7-9 Financial Times Centenary Exhi-bition and Events: Personal Investment 1988
Queen Elizabeth II Conference Centre, Westminster

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Lamont Hidgs, Catedonian Hotel, Edinburgh, 12.00
Pentos, Brown's Hotel, Dover Street, W., 12.00 Cuick (H & J), Centre House, Ashburton Road East, Tratford Park, Manchester, 11.00 Ropner, 140 Conlustifie Road, Darlington, 12.30 Tarmac, Hyde Park Hotel, Krughtsbridge, S.W., 12.00

Hotel Inter-Continental, Lon Owek Grp. Great Portien Heath (C.E.) competitive advantage (01-730

July 1-3 CRAC Insight Programme: Insight into entrepreneurship **Bristol University**

ences: The Financial Services Act legislation in action; and Black onday - nine months after

Hotel Inter-Continental, London don don don God Pields Gid. Fig. Rais C117 04

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THURSDAY JUNE 9 tel, Liverpool Street, I hexson Hidgs., 62 Co. em Hotel, Liverpool S King & Shauson Hidgs., London United Invs., Me

BOARD MEETINGS

DIVIDEND & INTEREST PAYMENTS-Adwest Group 2.03p Anheuser-Busch Co. Inc., 15cts. Annetinger-suscin Co. IPC. 1909.
Annetingers Hidge, Sp.
Alias Converting Equipment 4.5p
Cheprelow Resecutive 1p
Englash & Outch Inv. Tgl. FLL.75
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Do. 8%, 2nd Prl. FLS
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S418.2
Midland Int. Fin. Serv. SV Gtd. Ftg. Rate Nts.
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\$180.49
Time Inc. 26cts.
Treasury 10% Ln. 1994 Spc. Sury 10% Ln. 1994 Spc.

FRIDAY JUNE 10
COMPANY MEETINGS.
C.I. Group, Showell Road, Wolverheisigton, 11.00
Delyn Packaging, The Park Hotel, Park Place,
Gardell, South Glamorgen, 11.30
Dewhirst (L.I) Hidgs., The Royal York Hotel,
York, 12.00
Horsec Coty, 35 Essets Street, W.C., 12.00
House of Lerose, Metropole Hotel, Netional Exhibition Centre, Birmangham, 12.00
William Systems, Stable St. Ermin's Hotel, Carton Street, S.W., 12.00
BOARD MEETINGSFensity Finals; Brown (N.) Grp.

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Grace (W.R.) & Co. 35cts.
Houston Inds. 74cts.
Istal Bush Mach. Corp. 110cts.
Jitra Rubber Plants. D.Bp
Kraft Inc. 51cts.
Laporte Inds. 7.6pp
Mobil Corp. 60cts.
Monsanto 76cts.
Monsanto 76cts.
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SATURDAY JUNE 11 DIVIDEND & INTEREST PAYMENTSpirax-Serco Eng. 4.7p ressury 3% 1992 1.5ec

Jefferies International Limited

a wholly owned

subsidiary of

Jefferies Group, Inc.

is pleased to announce

that it is now a member of

The International Stock Exchange of the United Kingdom and the Republic of Ireland.

> Contact David Smith or Frank Palamara

Finsbury House 23 Finsbury Circus London EC2M 7AL

Telephone: 01 374 6010 Telex: 8953291 Fax: 01 588 2706



ATLANTA BOSTON CHICAGO DALLAS NEW YORK LOS ANGELES LONDON LISTED-OTC-OPTIONS-FUTURES-CONVERTIBLES-M&A

RECORD RESULTS

Summary of Results	1987 Sm	1986 £m	% increase
Group turnover	144.4	131.7	9.7
Profits before tax	2.7	. 1.3	103.2
Earnings per share	27.2p	15.3p	77.8
Dividend per share	11.0p	8.0p	37.5
Dividend cover	2.47	1.91	29.3
Net assets per share	232.2p	200.8p	15.6

"We are now in a position to embark on a period of controlled expansion by acquisition." J Malcolm Barr, Chairman

Copies of the Report and Accounts can be obtained from: The Company Secretary, 21 The Calls, Leeds LS2 7ER

THE FINANCIAL SERVICES ACT - LEGISLATION IN **ACTION - JULY 5** and **BLACK MONDAY - NINE MONTHS AFTER - JULY 6**

TWO BANKING CONFERENCES ON THE EVE OF

THE FT CENTENARY EXHIBITION

These two conferences with exceptionally distinguished speakers are to be held at the London Inter. Continental Hotel. Mr David Walker is to deliver his first address as SIS Chairman on July 5 and the Hon Francis Maude, MP, Sir Martin Jacomb, Mr John Morgan, Mr John Young and Professor Charles Goodhart are among the contributors. Deloitte Haskins + Sells are co-sponsoring and Mr Kelth Woodley of that firm will be in the Chair.

On the following day, the conference, Black Monday - Nine Months After, brings to the FT platform Sir George Blunden and Professor Robert Glauber of the Brady Task Force as well as the Rt Hon Denis Healey, MP, Mr Terry Smith and Mr Gordon Macklin. Mr Jack Hennessy is to chair and deliver the opening address. The conference looks at the reasons for the events of late October, the responses of regulators, markets and players, the risk of further trouble and the robustness of the securities industry should that occur.

COMMERCIAL AVIATION TO THE END OF THE CENTURY 30 & 31 August and 1 September 1988

Civil aviation world-wide, and the manufacturing industries that support it, are currently enjoying a period of major growth. There are various reasons for this expansion increasing personal incomes and an increased volume of business travel as well as expanding tourism, coupled with ncreased competition stemming from deregulation and liberalisation. While the rate of this expansion varies world-wide, with some regions benefitting more than others, it is nevertheless imposing considerable demands, and even strains, upon all the existing facilities of commercial aviation.

It has been estimated that in excess of \$400 billion will be spent between now and the end of this century on meeting the demand - through new aircraft and engines, new airports and other ground infrastructure developments, and on improving the air traffic control segment to ensure continued safety in the croweded skies. All of these issues will be discussed in the latest of the now famous series of Financial Times Aerospace Conferences held prior to the biennial Farnborough International Air Show.

CAPITAL MARKETS WORKSHOPS 11-13 July 1988, 12-14 September 1988, 17-19 October 1988, 7-9 November 1988 & 7-9 December 1988

This series of Workshops, devised by the Financial Times and Price Waterhouse, has been extended to include these additional dates. During the three days, the programme provides intensive coverage, supported by case studies of capital market activities, ranging from underlying concepts throught the specific markets and instruments, to practical guidance on key aspects of management and control of the business includign operations, risk management and performance

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FINANCIAL TIMES



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In accordance with the provisions of the Notes, notice is hereby given that for the three months interest Period from June 6, 1988 to September 6, 1988 the Notes will carry an Interest Rate of 854% per armum. The interest payable on the relevant payment date, September 6, 1988 will be U.S. \$2,060.42 per U.S. \$100,000 principal amount of Notes.

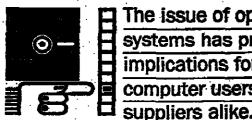
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June 6, 1988

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The issue of open systems has profo implications for systems has profound computer users and

Suddenly, strategic alliances are being forged between traditional competitors and the structure of the industry looks set for irrevocable change, says Alan Cane.

Potent force for progress

Corporation (DEC), are about as the Unix operating system — exciting as a Russian truck, which, in truth, both would Indeed, many of those who have rather have seen remain in laboured over the past three obscurity? decades on the thousands of doc-

ing, they have nevertheless a are calling the shots, warning power to change the pattern of suppliers who refused to co-opercompetition within an industry ate in meeting common stanand to lower the barriers to entry dards that they will be shut out which makes them profoundly of important contracts.

That is why standards, and patterns of development in mod-especially open standards, have ern business computing. The iso-become the hottest issue in the lated data centre housing one or

mercial strategy and tactics. its users needs.

They are the driving force into networks. behind a rash of new, sometimes

COMPUTING STANDARDS, to tion would sit together on the paraphrase Mr Kenneth Olsen, same platform last month to president of Digital Equipment pledge allegiance to a standard —

decades on the thousands of documents involved in standards specification may wonder what Mr Olsen has against Soviet vehicles.

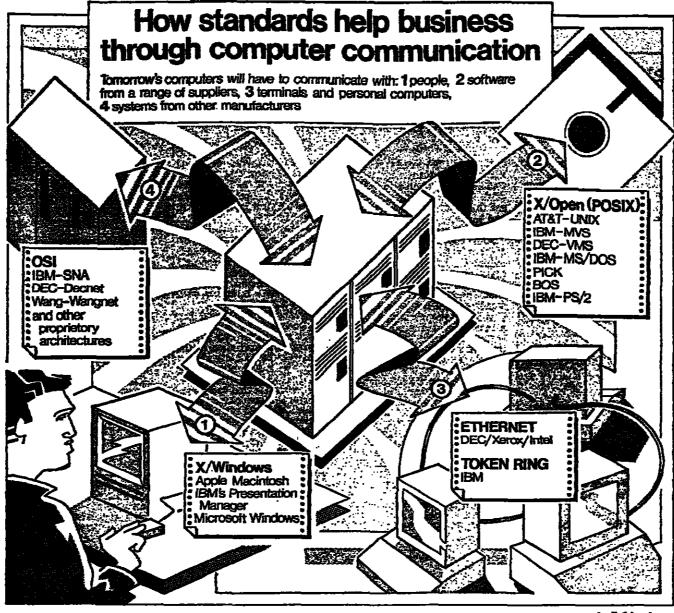
But if chandards are not writed. But if standards are not excit forces and aerospace companies

The issue has been forced by computer industry and beyond more mainframe computers is Bankers, retailers and manufacturers are discussing standards used computing where a variety with an intensity and concentration usually reserved for commercial strategy and tactics.

The computer industry is the distribution of different kinds of computer, tion usually reserved for commercial strategy and tactics.

The computer industry is a form of different kinds of computer, tion usually reserved for computers is users needs, is linked together into necessary and tactics.

According to some estimates bizarre, business alliances. Who by the mid-1990s there may be



In each standards' area, the emerging and preferred standards are shown in bold type; other contenders appear in lighter type.

Open systems

alent of the Tower Of Babel Many customers are well aware, furthermore, that no one hardware and software requirements. They want, therefore, to be able to mix-and-match equipment in corporation-wide net-Works.

But equally they are attracted by the idea of one-stop shopping for their information systems, which is why the fastest growing form of computing services com-pany these days is the "systems integrator," with the special skills needed to be able to take would have predicted a year ago, one billion computers around the for example, that the chief execu- world, all connected into one net- skills needed to be tives of deadly competitors like work or another. Without computers and Digital Equipment Corporathere will be the electronic equivalent of the plant integrator, with skills needed to be equipment from a pliers and tie it networked system. equipment from a variety of sup-pliers and tie it into a single,

Open standards, obeyed by the majority of hardware and software suppliers, are seen as the key to simplifying systems inte-

In principle, computer industry standards are very simple; only the detail is complex. And that complexity is not helped by a tendency, almost a compulsion, on the part of those individuals and organisations involved in standards. organisations involved in stan-dards to cloak their activities in codes and acronyms - TC97, SC2, JTC1, X.24, LU6.2 and so on - more suited to secret societies than to business organisations. At their simplest, computing standards deal with the four directions in which data process-

ing system have to communicate IBM machine can "talk" to any - with each other, with software programs, with human being and workstations or personal computers, (as illustrated on this page).
The most developed of these

standards deal with the first direction, how computers communicate with computers of the same make and with computers from other manufacturers. Each of the major manufacturers has tackled this through a propri-etary design or architecture -the oldest and best-known is International Business Machine's Systems Network Architecture, (SNA). It defines exactly what

other IBM computer. In the past few years, every other major manufacturer, fear-ing that IBM would force the universal acceptance of SNA as a de facto standard, has united behind an international standard, Open

Systems Interconnection (OSI), a

universal set of rules for the con-

nection of machines of different In the US, this commitment has been realised as the Corpora-tion for Open Systems (COS), a According to Mr Malcolm M consortium now 84 members lin strong. A principal role for COS and for SPAG, its European equivalent, is to establish tests

CONTENTS

The setting of a standard: the compliance and Testing ion: not an easy task.

MAP and TOP - the manufacturing automation protocoland the technical and office protocol: a make or break week in Baltimore?

companies in Europe: evidence of commitment standards groups: an unsta momentum is under way The IBM standard in the wo-

European Pavilion at the Enterprise Networking Even t (ENE '88): PERA personalities at Baltimore.

are seven "layers" or functional and vendors - the Corporation divisions within OSI defining for Open Systems. from one system to another, separate vendors, is on a size Thousands of rules are involved, never seen before.

munications between two their investment in MAP-based machines using an OSI link fails, it can be difficult, if not, impossible to apportion blame for the failure. Conformance testing is therefore the only guarantee a minelligent network that will constoner has that a system look after itself."

The emergence of OSI as a setlabelled "OSI" will, in fact,

behave according to the rules.
OSI rules are being developed

Byidence of the progress made up with the politics. is the Enterprise Networking The hottest area of the stan-Event' 88 International (ENE) dards debate, however, concerns which opens today in Baltimore, operating systems, the software US - a demonstration that open computers need to regulate their US ~ a demonstration that open systems are ready to be used in internal workings and more sigthe real world. Basically a manu-facturing operation, ENE will ware applications programs. demonstrate two important derivatives of OSI-MAP (Manufactur-ing Automation Protocol) and favoured system is called Unix, TOP (Technical and Office Proto-developed over a decade ago

to win contracts with them The UK is participating in ENE customers, hardware suppliers through sponsorship by the and software suppliers alike – Department of Trade and Indus-would be best served by agree-

Association, (PERA).

ing (CIM) field - CS Consultants, CS Developments, Cimtel, Kewill, Ferranti International, Reflex

(SNA). It defines exactly what equivalent, is to establish tests to be done to ensure that one for conformance to the OSI rules.

Why is this important? There strong MAP/TOP user group -

everything from the shape of the connecting pins to the way a section of text is handled in passing ing together equipment from 56

and each has to be obeyed precisely if communication is to be ing products based on a new ver-All the vendors will be showsion of MAP, MAP Version 3, that Furthermore, many of the will not be tampered with for six rules can easily be interpreted in years, giving customers a guaran-different ways. If, therefore, com-tee of continuity and protecting munications between two their investment in MAP-based

The emergence of OSI as a set-

tled standard means also that the OSI/SNA debate is, for all practiby a joint technical committee of cal purposes, over. IBM will stick the International Standards with SNA but communicate with Organisation and the International Committee of cal purposes, over. IBM will stick the International SNA but communicate with SNA but communicat tional Electrotechnical Commis-ways - high speed translation sion and are virtually complete. devices, Technology has caught

AT&T, the US telecommunica-MAP and TOP emerged as the tions giant, AT&T licenses the result of initiatives on the part of design principles of this system General Motors and Boeing Corporation, respectively - groups have developed their own vertical transfer of the system. which have been demanding that sions - Digital Equipment's their computing suppliers obey Ultrix, Microsoft's Xenix and so open systems rules if they expect on. The whole computing world -

try and co-ordination by the Pro-duction Engineering Research of Unix. This is the aim, of the X/ Open group, a consortium of Its contribution, a "jobbing users and suppliers (but exclusion," involves six small and ding IBM). It wants to establish a medium-sized companies in the computer integrated manufacture ment" called Posix which would ensure that all computers look alike to applications software. erranti International, Reflex and Sydney Communications.

According to Mr Malcolm Milton work with Sun Microsystems, lington, Pera's CIM manager, an aggressive workstation ven-ENE is important for three rea- dor, to develop a definitive Unix. IBM, DEC, Hewlett Packard

Continued on page 3

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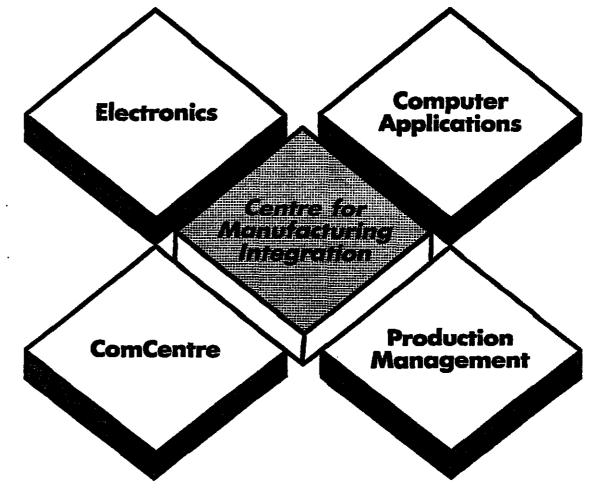
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The setting of a standard

Aiming for a 'computer glasnost'

MORE THAN in any other industry, manufacturers of computer systems have resisted standardisation.

Since its very beginnings, the computer industry has been an umbrella name for a whole set of sub-industries with separate, exclusive cultures and different priorities. The only thing the var-ious suppliers have in common is

that they all sell computer systems to "solve problems."

Each sub-industry offers a set of components, which are internally consistent, but seldom compatible with those offered by other branches of the computer believes the second of the computer the second of the sec industry. This has created a situation where users of computers are divided and unable to put sufficient pressure on their suppliers to conform to industry-wide stan-

Hardware suppliers have exploited this situation by making their systems 'proprietary', that is, unlike anyone else's sys-

ing the industry, would aid president, expansion if users could exercise choice over hardware and soft at this time the world's largest ware purchases, without fear of computer-user, decreed Cobol being 'locked' in to proprietary was mandatory for government

turers adopted it (mainly because 'locked' in to proprietary the US Government, which was systems.



dards, rather than constrain- secondment from Hewlett-Packard, where he is executive vice

computer systems, then they contracts).

could concentrate their efforts on building their applications.

But although Cobol was 'stan-building their applications.

dardised', each manufacturer was The first attempt to achieve allowed to enhance the language this focussed on programming in its own way and the result was languages and the Cobol lan-that a Cobol program written for guage in particular. Cobol one computer could not be run became an international standard on another without changes. in the 1960s and most manufac- Computer users were still

As long ago as the 1960s, it was recognised that industry-wide John L. Doyle, head of the Open Software Foundation. He is on

Through the 1970s, the gradual evolution of networks of compiter systems, made the problem of industry standards even more pressing. While computers operated in isolation, the only reason for building systems around uni-versally-accepted standards was to allow users to move to other computer hardware - a factor which unsurprisingly met with little enthusiasm from hardware

manufacturers. But when networks came along the Data Link layer.

had traditionally bought every- and so on. thing from another supplier.

IBM for its proprietary products. In principle, the model has gained such a critical mass of been accepted by the whole

By the beginning the 1980s, networks had proliferated at such glasnost a rate that a formal standard. The pr a rate that a formal standard, which could cover every aspect of network 'connectivity' from the physical technology used to connect hardware, through to the way applications behaved in the network, became a necessity.

The International Standards

The problem is that some manufacturer's networking plans were well advanced when the ISO OSI standard was first drafted. IBM, for example, announced its way applications behaved in the network Architecture (SNA) – its model for computer networking – in the mid-1970s.

Organisation (ISO), in consultation with computer manufacturers and telecommunications companies, introduced a framework for future development of networked systems. It was called the ISO Open Systems Interconnection of Systems Application Architecture (SAA), which extends and embraces SNA.

But ISO OSI, SNA and DEC. ISO Open Systems Interconnec-tion (OSI) model and comprised seven distinct 'layers' or levels of OSI) are different and can only connection.

The layers allowed for connec-tivity' both to layers above and ervation, remains the main obsta-below and to equivalent layers in cle to its universal acceptance. other models. The lowest level, Despite this, IBM's actions over other models. The lowest level,

during the 1970s, hardware man-ufacturers had an incentive to conform to a 'connection' stan-dard. It gave them a chance to sell their wares to customers who and the network layer above it,

The seven-layer model is, of Some of these 'connection' necessity, vague in terms of the standards evolved as de facto detailed specification of how each industry standards as a result of layer works. It is up to the indi the market dominance of a par-ticular manufacturer — usually model is implemented as long as IBM. The 2740 and 3270 terminal the appropriate interface stan-standards, which were devised by dards are adhered to.

gained such a critical mass of section acceptance in the industry, that industry and, in the long term, it they were universally adopted by will lead to a realisation of the all manufacturers.

By the beginning the 1980s, systems — a sort of computer

The problem is that some man

manufacturers' interpretations of co-exist up to a point. IBM's reti-

physical connection, for example, the last two or three years have defined the way that devices are led some commentators to say connected to each other and the that IBM's future will increas-interface to the next level up - ingly move toward open systems. At the annual UK Computer Mea-

ness; the Abbey National Building Society is working in partnership with Olivetti in the UK to use open system technology to increase its business effi-

surement Group meeting last month. Stellios Zographos, a consultant with BIS Applied Systems, suggested that IBM is more serious about OSI because its large customers have come to realise its importance for the development of their corporate

IBM's leading role in the cre-ation last month of the Open Software Foundation, another important aspect of open systems, suggests that it will continue to increase its 'commit-

Philip Manchester



Abbey National has placed □ Boost for business effective an £18m order with Olivetti for the supply of new branch and administration office systems. based on the Olivetti PB (Personal Business) environment which provides a range of specialised software and hardware

The order is for 3,900 PC systems with 750 LSX minicomouters for use throughout Abbey National's network of. more than 200 branches.

Compliance and certification

Not an easy. task

the National Bureau of Standards network. They are not concerned

The cost of testing to the complexity of the OSI rules being aapplied.

facilities for testing conformance to OSI rules (or protocols, as they are known in the industry's jar from £20,000 to £107,500.

Tests are now commercially OTI to give the NCC "pump-priming" funds to set up a prototype testing service.

The resulting service, which the NCC launched in 1985, tested OSI Transport protocol. It based on test tools developed dards to assist with the 1984 National Computer Conference in

Las Vegas.
It is interesting that the main driving force behind the early development of testing was the need to ensure that equipment from different manufacturers would work together in joint demonstrations at exhibitions. The large amount of effort devoted to testing products for the current Enterprise Networking Event in Baltimore shows that exhibitions are still stimulat-ing progress in this field. Although the NCC — a non-

profit membership organisation based in Manchester — was Britain's first independent test house, it was quickly followed by The Networking Centre (TNC), a private company set up late in 1985 to specialise in conformance testing and consultancy. TNC (based in HemelHempstead) was mmediately awarded a DTI contract to develop OSI tests for local area networks. In the mid-1980s, OSI conform-

ance tests were starting to emerge in a rather piecemeal way in different European countries, but the European Commission then stepped in to co-ordinate the development of testing.

On the European level, a joint venture of 12 computer compa-nies known as SPAG (standing for Standards Promotion and Applications Group) is playing an important role. For example, SPAG is co-ordinating a European effort to create a set of tests for the Internation-

ally agreed Manufacturing Appli-cation Protocol (MAP) and Tech-nical and Office Protocol (TOP). work for Manufacturing Applica-tions. The development of the testing tools has been contracted out to TNC in the UK and the Fraunhofer Institute in West Ger-many at a cost of about £3m. Fraunhofer Institute in West Germany, at a cost of about £3m.

SPAG is working closely with its US equivalent, the Consoraccrediting testing laboratories tium for Open Systems (COS), to ensure firstly that there is no unnecessary duplication of effort — because OSI conformance tests are so costly to develop — and secondly that the tests will be accepted worldwide.

Conformance testing is generated to provide command in the conformation of effort in the results of tests performed elsewhere.

Japan is also preparing to introduce a certification scheme, and eventually an international

method — probing the inner workings of the product under test — would be too expensive and technically too complex for widespread use.

COMPUTING standards are of The non-invasive method very limited use without independent tests to prove that products OSI rules are intended only to conform to the rules.

COMPUTING standards are of The non-invasive method very limited use without independent of the non-invasive method very limited use that information and information in the information in t conform to the rules.

the National Eureau of Standards network. They are not concerned in the US developed primitive with the inner workings of the tools to test one of the seven layers of the Open Systems Interconnect (OSI) international standard.

In 1982, the UK Department of box and linking its interfaces, for Trade and Industry commissioned the National Computing ally a Sun workstation). The latteries (NCC) to study the feasibility of providing independent the speed and accuracy of its ressonses.

The costs of testing vary greatly according to the complex varies greatly according ity of the OSI rules being applied. Companies can either pay to use a testing centre's facilities for a certain period or buy a test system for use in-house.

As an example, the NCC charges £10,000 for a year's subscription to test a single OSI

available or under devel for most OSI standards, though there are still some significa gaps in the range. But the most urgent need now is for an internationally accepted certification which products have passed the conformance tests that are impor-

ant for their particular network. At present there are no formal certification procedures. After a product has been through a con formance test, the supplier receives a technical report giving details of the tests performed and the results achieved, but no cartificate is issued to show that the product conforms to OSI stan-dards.

unrealistic to expect anyone but ing a product to plough through a detailed test report and conciude from that whether it fol-lows the OSI rules. So the testing organisations are searching for a simple system, similar peri the "kite mark" used by the Bris-ish Standards Institute or the green circle of British Te to show clearly and unambig ously that the product has pass the appropriate OSI tests.

ost work on certification ha The search is on for a simplified test mark system for new products

been done by the Consortium for Open Systems in the US. COS investigated the idea of using a green or gold dot to show that products could interconnect or tested to a certain standard. But such admirable simplicity did no ally agreed manufacturing Appli-cation Protocol (MAP) and Tech-suit the complexities of OSI with nical and Office Protocol (TOP). its various "stacks" and "layers." This is part of an EC-funded proj-ect called Communications Net-an effective certification proce-

secondly that the tests will be accepted worldwide.

Conformance testing is generally carried out using a "non-invasive" or "black box" approach. The alternative "invasive" method — probing the invasive pean, Amoriton and performed into three pean, Amoriton and performed introduce a certification scheme, and eventually an international agreement is likely to emerge dividing the world into three pean, Amoriton and performed.

In business, you don't et tar without connections.



business, connections are everything.

Our commitment to open systems and industry standards - such as MAP/ TOP compliance - means different departments in your organisation can share their know-how. Rather than making tracks in splendid isolation.

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It didn't. They missed. And the two companies continued in stubborn, parallel absurdity until the President intervened and broke the deadlock.

The moral holds true today. In

The 'MAP' and 'TOP' protocols

A make or break week

THIS WEEK could make or irreak to press for a system which the MAP and TOP communications protocols. MAP, devised by a factory to be plugged along a single cable, regardless of who col and TOP, its office equivalent, is the technical and office protocol, changioned by Boeing.

Boeing, GM and over 40 vendors gather at the Enterprise Network Event (ENE) in Baltimore in open as system which the machines in the machines of the machines in the MAP and TOP specifications are much more important than remaind the machines of the machines are much more important than remaind the systems fully. But to qualify for demonstration at ENE, products need to nass only four tests. The products need to nass only four tests. The products and office protocol, changioned by Boeing.

Boeing, GM and over 40 vendors gather at the Enterprise Network Event (ENE) in Baltimore

dors gather at the Enterprise Net-work Event (ENE) in Beltimore this week to demonstrate the first available MAP and TOP systems to conform, at least in theory, to open systems interconnect (OSI) international stan-dards.

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Many of the necessary OSI stan-dards were not fully defined. GM By 1984, the vendors were fall-and its vendors filled the holes ing over each other to boast of with 'show code' and other com-the ease with which their

promise patchwork.

This was not ideal – but at everyone else's.

least business people would see what vendor independent communications could do. And they initiatives mark the first occaminated entitles to the promise of the promise patch which will be promise of the promise patch which will be promise patch with the patch wi

reighbour from another vendor.

Each vendor for robots, programmable controllers, data collection systems and so on used a shown a lot of interest, but different networking system. If a programmable controller needed to exchange data with a robot, founder, Ken Olsen, against the special interfacing software had physical connections MAP specifies.

MAP uses one method of allowing speciments of the property of the community, which is seen as an important future market for TOP.

But the road to Baltimore has been tough. The users have soon may be a campaign by DEC's founder, Ken Olsen, against the special interfacing software had physical connections MAP specifies.

The US market for factory communications will grow by at least 180 per cent a year to \$2bn in 1992, say industry analysts

onwards, it follows that all the

products shown at ENE have

All of them, but especially the GM realised it had no hope of long-suffering vendors, share one persuading vendors to create hope: that the businessmen who such a system just for GM. So go, to ENE are so impressed by GM wisely decided to base MAP the demonstration that they on the emerging OSI standards decide to install MAP and TOP, being promoted by the Internatisstead of just talking about tional Standards Organisation, (ISO). This would create a worldwide market for MAP products.

MAP and TOP have been demonstrated before. The first demonstrated before. The first demonstration was in Las Vegas in conclusions about the internation was in Las Vegas in conclusions about the internation. Both companies issued utilimata to their suppliers: in demonstration, "Cimap" in Bir effect, conform to these standards of we will take our busithough Cimap, organised by ness to companies who do All of them, but especially the GM realised it had no hope of other systems without adding the

mingham, in December 1986, dards or we will take our bustthough Cimap, organised by ness to companies who do.
Britain's Department of Trade

Within two years, vendors of
and industry, was not part of the
factory automation systems,
'official' demonstration series.

ENE is different hecause the
versions of MAP and TOP seen at vendors all offered proprietary
the earlier shows did not fully systems which they were proud
conform to OSI. How could they?

Many of the necessary OSI stant any other maker's kit.

reated sufficient interest to sion on which computer users found thriving user groups in the U.S. Europe and Japan.

TOP and, more especially, MAP were born of frustration. GM well beyond manufacturing. One found that nearly half the cost of any automation project arose from the inability of a plant them enough to attract the financial from one vendor to talk to its community, which is seen as an eighbour from another vendor.

MAP uses one method of allowing each node access to the netalso found that supervisors of a work, TOP uses an older Etheratigle part of a production pronet type technique which, as it happens, Olsen's company has five different system suppliers' been selling for years. The two screens and type information, are incompatible but work perform one acreen on to the key-feetly well in their different appliboard of another.

For example, if one maker's computer is acting as a cell controller and reports a fault because of a worn part, the pears To accommodate Eurobecause of a worn part, the MAP uses one method of allow-

because of a worn part, the sum of a maker's computer to a second maker's computer to find out if there is a replacement available and a third maker's system to see who is available to do the repair.

Eight years ago, GM, about to embark on a multi-billion dollar (and nearly disastrous) capital investment programme, decided the years. To accommodate European and process control interests it has agreed to a simpler ests it has agreed to a simpler, cheaper form of MAP which uses a single channel instead of a broadband cable. But GM, which argues that no node can be guaranteed access to an Ethernet system within a certain time, will not consider MAP on Ethernet.

Whoever is right, the argument has obscured the fact that the

The good news is that most of those involved in ENE say the four tests are enough to define about 90 per cent of what is needed. The other good news is that, thanks in part to GM and Boeing, IBM, DEC and the rest of the computer industry has gone so far down the OSI road that there is no turning back. The undoubted benefits of being able Japanese have been industriously boning up on MAP and TOP and will demonstrate and release products next year at the latest. to connect any piece of equip-ment to the network at once or those of improved information All manufacturing businesses will have to improve their data communications because the competition will force them to do Another much-hyped MAP drawback is that "the product isn't here yet," though earlier

MAP interfaces will be updatable to MAP version 3.0, the version Isomehed in Baltimore this week, by changing two PROM chips.

A bigger headache for MAP/
TOP's promotors has been the TOP's promotors has been the the top of conformance who dismisses communications will grow at 180 per cent a year to \$2\text{bn in 1992. Any chief executive who dismisses communications will grow at 180 per cent a year to \$2\text{bn in 1992. Any chief executive who dismisses communications will grow at 180 per cent a year to \$2\text{bn in 1992. Any chief executive who dismisses communications will grow at 180 per cent a year to \$2\text{bn in 1992. Any chief executive who dismisses communications will grow at 180 per cent a year to \$2\text{bn in 1992. Any chief executive who dismisses communications will grow at 180 per cent a year to \$2\text{bn in 1992. Any chief executive who dismisses communications will grow at 180 per cent a year to \$2\text{bn in 1992. Any chief executive who dismisses communications will grow at 180 per cent a year to \$2\text{bn in 1992. Any chief executive who dismisses communications will grow at 180 per cent a year to \$2\text{bn in 1992. Any chief executive who dismisses communications will grow at 180 per cent a year to \$2\text{bn in 1992. Any chief executive who dismisses communications will grow at 180 per cent a year to \$2\text{bn in 1992. Any chief executive who dismisses communications will grow at 180 per cent and the properties of the properties tests. If truly conforming MAP and TOP products are to be commercially available from ENE late delivery of conformance

John Dwyer passed tests which confirm that Editor of FinTech 4, "Automated those products meet the specifi-



General Motors of the US. Both MAP and TOP (its office equivaany automation project arose from the inability of plant equipment from one vendor to talk to its neighbour from another vendor.

lent) were born of trustration. Giff found that nearly half the cost of Pontiac East assembly plant. These devices include robots, pro-



Unless you build a bridge computer, network and communications). you may have to rebuild your computer system.

Olivetti Open System Architecture is a straightforward, unrestricted approach to information management, based on individual functional needs and utilising industry standards at all levels (workstation, mini-

Open System Architecture ensures that your system remains up to date, a bridge to future growth, thus maintaining the business advantages that technological innovation may provide. As you build your system, none of the additions you make will cause your existing equipment to become obsolete.

Outstanding PC and Mini integration.

Until now PC's and minicomputers have largely lived in connected but separate worlds. A major and innovative feature of Open System Architecture is the way PC networks, using their local intelligence, can become an integral part of your minicomputer based departmental system. This means you can access centralized facilities such as large databases and electronic mail systems from the PC

environment allowing you to get the best from both worlds. Olivetti's commitment to standards, in particular UNIX, MS-DOS and MS-OS/2 means greater choice of application software, mini or PC based. This not only protects your investment but gives you far greater flexibility in selecting a system to suit your specific requirements.

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Among the building blocks in Open System Architecture is a wide range of minicomputers; the widest range of PC's; PC based workstations; terminals and peripherals, as well

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For more details please contact Lynne Blackwood or Carmel Paige on 01-377 8644 or write to them at British Olivetti, 17-29 Sun Street, London EC2M 2PU.



olivetti



TOP - the technical and office prolocol, champlened by Boeing.
The Japanese are industriously boning up on both MAP and TOP.

Force for progress

Commend from page 1

and the others were upset
because they believed the allisize could give ATAT and Sun a
significant competitive advantage
in the Unix-based would of the
finities.

The result, announced with
universedented hyperbole, was a
new organisation, the Open Software Foundation with Sun funding supplied by IBM, DEC;
Apollo, Hewlett Packard, Siemens and Groupe Bull, to create
yet mother standard version of

Interpretation of many prototype.

On the one hand, it is comforting that everybody agrees that
Enix is the way ahead; on the
computing world is
now split in two. The question of
what kind of standard man/machine interface and what standard architecture should be
agreed for connection to local
area networks are yet to be
remembered, are not exciting,
but they roll inexorably onward.

MS-DOS and MS-OS/2 are mademarks of Microsoft Inc.

OPEN SYSTEMS 4

Adoption of standards by top companies

Evidence of commitment

TWENTY-ONE international body is the Consultative Commitcomputer companies, six interna- tee on International Telegraph tional consultancies and software and Telephones (CCITT), the providers, plus four telecommu- international committee of tele nications companies, have pinned their colours to the mast of open systems to the extent of becom- lead informing full members of the European standards.

open system group, Eurosinet. In the past, interest about open systems may have been stronger from smaller companies who tion from one computer system, could no longer afford to develop to another irrespective of its their own proprietary networking and had to rely on the slow development of international open systems. Now the picture is dif-ferent, as the membership of standards-making bodies by hav-

Eurosinet shows. communications companies include British Telecom and AT&T Communications International. The consultants and soft-ware vendors include the Cap software and hardware within Group which is the UK-based complex networks. arm of the Semacap group, Logica and even the UK Government's internal consultancy, the Central Computer and Telecom

nunications Agency. Vendors and users have had to accept, in the past two years, that OSI is not a single imple mentation of a set of networking standards. It is a framework for all other networking standards was established in January 1986, which, if they keep to it will

make communications easier. Instead of expecting to see OSI implemented in one go, therefore their customers networking serusers should expect to see a vices and products that con-series of standards emerging formed to the OSI model, all runseries of standards emerging from various bodies that conform ning on their own kit, but it was to OSI; they are the practical implementation of the idea.

standards which conform to OSI cations products and services with which to test the intent of vendors: packet switching, message handling and file transfer.

Of itself, membership of Eurosinet shows commitment to open systems. There is an equivalent ment decisions they have taken Corporation for Open Systems. Eurosinet and the Corporation from one computer to another. provide a bridge between the standards-making bodies and the

have their own complex timetables for whatever standards spective customer could see produced they are charged with developing ucts confirming to OSI running, within the OSI seven-layer model says Marton Hasenburg, chairof how telecommunications stan-man of Eurosinet and a consuldards should be structured.

Among these standards-making Honeywell Bull in the UK bodies is the US National Bureau Eurosinet selects major e of Standards; it has taken a lead in standards under OSI for transferring whole files of data between otherwise incompatible computers and networks.

to open systems, that it has its

A closer look at its statements

and its products, however, pres-

ent a different picture. IBM is one

of the most enthusiastic support-

ers of open systems, it offers

to the open systems interconnec-

tion (OSI) seven-layer model than

almost any other vendor - and

some of the most enthusiastic

OSI supporters on international bodies come from IBM.

has done a bad job in explaining

to the industry and its users how

it sees the two approaches, SNA

and OSI, working together. The

best explanations are coming

from outside the company, from

independent consultants who are

having to explain the complex

architecture of data communica-

tions in the early 1970s. When switching, Mes first published, SNA was just a set of recommendations for how Technically,

picture to their clients.

The problem for IBM is that it

communications national author-ities. The CCITT has taken the

they need to take one piece of data, an application or a transacinternal protocols and who built

In the middle, sit the vendors. the computer suppliers in the them what is feasible and what is group include IBM UK, Digital a pipe dream. They also have to Equipment, ICL, Honeywell Bull and Hewlett Packard. The tele-they want to keep the continued they want to keep the continued goodwill of their customer base. Once the standards have been established they will have to implement them in mixtures of

a another demonstration at comple 'Compec 88,' but the whole exhibition was cancelled.

sinet marketing and a strategic months.

marketing manager at ICL in It would be an unwarranted

pean-based exhibition and confersus booklet, The OSI Hand-book*.

international bodies. OSI is a vendor. Eurosinet has taken the role of model for good communications, the vendor a step further since it not a set of protocols or a practi-

Leading European companies have now pinned their colours to the mast of open systems

with six vendors. The founding vendors realised that it was all very well showing hardly impressive.

What users want to see is a At the moment there are three live demonstration of communiconforming to the OSI model, running on different vendors kit stretched over the network. This is what the user has in their own network as a result of the investorganisation in the US called the ever since it has been practical to pass a signal over a network The founders of Eurosinet,

therefore formed, themselves into a group which would provide, for The standards-making bodies, each others, a network of prevon both sides of the Atlantic, luosly incompatible computers and networks on which the protant on government computing at

Eurosinet selects major exhibiity to connect previously incompatible computers and networks. Its latest demonstration was at the London-based 'Compec 87.' It ITL and Wang.

bad homed to add more features In future, four standards being Another prominent standards had hoped to add more features

Over time, protocols to link ter-

own networking standard in minals and other devices into the Systems Network Architecture mainframe were added. The first ferently from, and have different

frame and in terminals was

SNA itself has, over a period,

changed its character. Early on, it was criticised for being too

dependent on a mainframe com-

puter at the centre. Then other

computers could be added, but

only under the control of a cen-

tral one. Finally, each computer in the network was equal to all

SNA will always be more com-

plex than OSL SNA is a complete

implementation of an architec-

ture, covering hardware, soft-ware, protocols, security, man-

agement of the network and

actions to be taken in the event of parts of the network failing.

OSI is just a model for what a

network should be like. The

Switching, Message Handling and

set of recommendations for how networks based on a mainframe map across from SNA to OSI first to implement the standards

changed to conform to SNA.

across previously incompatible It is yet to be seen if recent networks and between previously incompatible computers. The OSI model is a set of guides for standards-making bodies and vendors

with X400 and file transfer. About 15 members of Eurosinet have implemented X400 mess ing standards and had their prod-ucts tested by the testing bodies. About eight have implemented file transfer in an early version their communications traffic will and will soon have the latest ver- be passe sion, published in December last

spective customers set on OSI deviopments in Eurosinet will and willing to be in the forefront the public demonstrations.

At the last major event, Compect 87, the list included AT&T, British Telecom, Digital Equipment, Hewlett-Packard, Honeywell Bull, IBM, ICL, the components vendors, Intel, the UK-based minicomputer company ITI and Wang.

built as a layered architecture. But its five layers are defined dif-

A lot of work in the early

stages of the development of OSI was done to achieve some type of mapping. It was used as a techni-

cal test to see if SNA and the OSI

seven layer modei were really

abandoned. It is now clear that SNA and OSI are not so much

conflicting approaches as that they tackle the problems of net-working at different levels.

IBM will always want a propri-

etary networking set of products. To achieve integration between these products it needs an archi-

tecture evolving over time. SNA is this architecture. It is as much

a help to IBM's customers to have SNA formally defined as it

OSI, however, has its place. IBM is not going to abandon SNA, nor change it to conform to OSI. It will, however, provide

products conforming to emerging standards within the OSI frame-

work and it will use its own prod-

ucts, conforming to OSI, to provide linkages between SNA and

other networks.
Indeed, IBM was one of the

is to IBM.

Such work has largely been

The IBM standard in the woodpile

Two major strategies

THE TRADITIONAL and deeply computer as their host should be held view is that IBM is opposed operated. while keeping most of the essen- within OSI as they were formally tial features of both. SNA was adopted by the relevant stan-

tial features of both. SNA was adopted by the relevant stan-built as a layered architecture. dards authorities. Packet Switch-

ferently from, and have different to the circuit switching protocol applications to, the seven layers of IBM's SDLC.

tions as they are finalised. They "This was a disappointment," will be in their stages of promulasays Derek Farmer, head of Euro- gation over the coming 12

ondon.

Instead, Eurosinet is reviewing nection if the management of the

Instead, Eurosinet is reviewing nection if the management of the its plans, looking at the international calendar of exhibitions to pick the best platforms.

Now that 'Compec 88' has been cancelled by the organisers, the four standards under developments. In November in Tokyo it els of the OSI model to gather intends to take part in OSI 88 exhibition with a demonstration the distributed OSI network and of developments. Beyond that there is the possibility of a European-based exhibition and conferses, systems booklet, The OSI Hand-

Virtual-terminal protocol is dle of next year.

As the Eurosinet members also well down the road to final stage their demonstrations, they will add more detailed parts of dors stick to this protocol, their open systems interconnection as terminals will be able to link on they are defined by the various to any OSI network, whoever the

A common applications environment is also under develop-ment. This would create an environment inwhich an application could be run whatever the operating sytem and be accessible to any user over local or wide-area

The Unix community through X/Open was making good headcal way of transferring data, way towards this objective, high transactions or applications on the list of priorites for users way towards this objective, high upheavals inthe Unix community will put it in jeopardy or delay

The fourth standard under development which will have a The latest two standards to large impact on open sytems emerge which conform to open interconnection is Intergrated systems are for message handling Services Digital Network, (ISDN). ISDN aims to unite voice and data traffic over the same circuits and create enough space for images. The idea behind it is that customers will get one cable into their locations over which all

Pilot ISDN sevices were started ear. as early as 1985. The crucial stan-Vendors who are willing to dards for ISDN, which include take part in the public demonthe ability to offer public ISDN which include strations tend to be more services, will be finalised in the advanced in their adoption of arly 1990s by the CCITT.

open systems than others. ProContinuing observation of the

show propective customers how of adopting it should look at the far their vendors have gone in list of the vendors taking part in the implementation of open

ing for example, is an alternative

The International Packet

Switching standard is X25, pro-mulgated by the Consultative

Committee on International Tele-

graphs and Telephones (CCITT).

When IBM first launched its

new generation of terminal con-

formed to SNA they did not include an X25 protocol. But

within a short period of time of

the first approval of X25 by CCITT in 1977. IBM was provid-ing bridges to the public net-works which adopted it, the French and Canadian public

packet switched networks. IBM has amended its products as X25 has evolved into the 1980 stan-

dard formally adopted by the

In a further step IBM has taken

OSI seriously by participating in public demonstrations of some

features of OSI along with other members of the Eurosinet consor-

SNA is not IBM's only propri-

problematic and users are more tolerant of hardware and soft-

whole CCTTT.

cated to OST

Richard Sharpe



 \sqsupset IN PREPARATION for the European Pavilion at the Enterpri Networking Event (ENE '88) in Baltimore (June 5 - 9), the centre of ctivity has been the PERA site (above) in Melton Mowbray. The main aim of ENE '88 is to show how business commun om all sectors of industry, can capitalise on the latest networking chnologies and OSI standards

The European Pavillon teatures an Enterprise Job Shop collaborative venture between the Department of Trade and Industry and leading companies in the field of computer integrate

The display simulates a complex manufacturing environmenting as one integrated system.

The impact of public and private standards groups

Unstoppable momentum

THE NOTION of open systems for the computer industry has attracted the interest of users for at least three decades. But it is only since the late 1970s that the issue has been tackled systematically, and a genuinely strong momentum to the standards drive developed just five or six years ago. This bandwaggon has been pushed along by a variety of standards-setting and monitoring organisations

Like most nascent industries, computing grew up in a rela-tively free-for-all environment in which manufacturers effectively set their own standards.

From the user point of view this has led to two main problems. On the one hand, it has secome a difficult and expensive task to make computers produced by different manufacturers comnunicate with each other, on the other, applications software developed for the machines of one producer would not work on

the equipment of another. The first significant attempt to impose some guidelines to cover all producers in the communications area came from the International Standards Organisation in

In 1977, the ISO, the main worldwide co-ordinating standards body, began work on a set of guidelines aimed at governing the flow of data between differen computers on a network. Called Open Systems Interconnection (OSI), this system was aimed at developing a list of protocols, or rules, that would govern the way computers went about organising various parts of their activities their data storage, for example, or the way they ensured security of information, and the manipula-tion of data into a format that

would allow it to be transferred to other machines. Although the OSI rule book is not yet complete, the guidelines began flowing in 1978, forming one of the main pillars in the growth of open systems in the US and Europe. These standards have been particularly important that have been trying to give a lead to the development of open

ment policies. While the ISO has been pushing steadily ahead with the development of a general framework for open systems, a number of

The CCITT has been responsible for establishing the X.400 system of electronic mail transfer, which now allows users to send

messages from their computers across international telephone

ment of open systems, it argues, it makes sense to establish a consensus around proprietary products that have ucts that have responded effectively to a market need. Second, is its choice of Unix as the operating system on which to standards that fit what they have to offer, rather than developing genuinely open

Rank Kerox does not man facture traditional mainframe or mini computers. To satisy its market – the office – it has to be committed to open systems and connectivity to other manufacturers' equip-

architectures, determined by

customer requirements," he

"But how can a system the user into account? There is no value in machine inter-connectivity if most users are unable to easily access the technology," adds Mr O'Brien. "The computer industry has to put its customers first and

accept that it not only subscribes to international standards in open systems, but also allows multi-manufac-

☐ The X/Open consortium of X/Open came into being in Europe four years ago in an attempt to establish de facto standards that would allow users to invest in a variety of different computer brands.

The infighting between major

computer manufacturers over Unix has more to do with

self-interest than with open

systems, comments David

O'Brien, managing director of

These manufacturers "are

trying to establish industry

Rank Xerox (UK), above.

Its aim has been to create what it calls a common applications environment – a set of rules that establish a base on which applications software can be written as a support for Governments for machines from different manufacturers.

To achieve this objective, X-Open is working internationsystems through their procureally, bringing as many producers as possible into the consortium, and setting up advisory groups with software vendors. Its members include AT&T, Bull, Digital following the rows that have bro-

torer solutions that place 'useability' above all else." base its standards-setting programme. Applications software rests on the platform provided by computer's operating system indeed, the reason that most Open initiative in moving indeed, the reason that most towards Unix-based initiatives. applications programmes are not transferable between the lit also shows that the entire making of different manufactures of different manufactures. transferable between the machines of different manufac-

an operating system invented by cates that the pioneering work AT&T, the US telecommunications group, but licenced so freely that it was not regarded as proprietary.

approach. This new attribute many approach that the pioneering work launched by the public and private standards bodies over the last ten years has developed an unstoppable momentum.

The significance of the Unix

other organisations, have begun to tackle more specific problems. These bodies include:

Equipment, Ericsson, Hewlett-ken out over the future development to tackle more specific problems. Packard, ICL, NCR, Nixdorf, Oliment of this operating system to the future development to tackle more specific problems. Support of the future development to tackle more specific problems. Philips, Siemens, Sun between two rival camps of US-The International Telephone and Telegraph Consultative Committee (CCITT), a quasi-Government group involved in telecommunications standards-setting.

The CCITT has been responsi-

☐ The Corporation for Open Systems.

Established by a group of US companies a year after X/Open.

COS grew out of computer manufacturers' needs to test their cumpliance with international standards, and is now developing a series of programmes that will test products against the rules on open systems interconnection. Although the group's two ini-

tial test programmes were delivered a year late, it has attracted 84 members, and is expecting to release a further three programmes this year. A similar initiative under the SPAG group has been launched in Western

Europe.

| The Institute of Electrical and Electronics Engineers. The Institute, based in the US, rking on the development of a new method of solving the problem of matching applications programmes to operating systems. Under this approach, a new standard interface, called Posix, would be developed. This could be fitted to any operating system, including Unix, and would be able to drive any Unix-

type applications software.

Posix is almost certain to play an important role in the battle over the development of Unix. This row, which has seen the emergence of two camps grouped around AT&T on the one hand, and IBM on the other, has under scored the importance of the X/ turers is that they were written focus on open systems, even if for use with a specific operating some companies are still susfor use with a special operating system.

To avoid this problem, X/Open systems than adopting a standard decided to standardise on Unix, approach. This new attitude indicates the standard of the system invented by a standard or constitute and the standard of the standard of the system invented by a standard or constitute and the standard or constitute and the standard or constitute in the standard or constitute and the standard or

> **Terry Dodsworth** Industrial Editor

OSI 'coming together'

IBM's SNA is both more detailed standards which impleadvanced and more complex than oSL It is more advanced because through the international stan-

OSL it is interestable to the second of the

(SNA) and that IBM is out of step was Synchronous Data Link Conwith a growing groundswell of trol (SDLC). Software in the

international vendor and usermainframe in communications
controllers close to the main-

After a decade of development, this is the year in which all the this is the year in which an the threads come together for OSI in relation to customers, products and test services, com-ments Dr Robin John, (right), senior manager for communi-cations software development, Concurrent Computer Corpora-tion and convenor of the ISO working group for specific application services - SC21/WG5.

"Major customers have a substantial annual spend on data processing equipment and by making the availability and, by making the availability of OSI products a condition of procurement, they are able to exert considerable leverage on suppliers," he says. This leverage is necessary "in view of the major up-front investment needed by suppliers to produce

complete OSI product sets. It is worth noting that in both Europe and the US, there is legal backing for government procurements to be based on the use of ODSI standards.

He adds that 1988 "will be the ear in which OSI becomes a reality, when the customer can, with confidence, buy full OSI products off-the-shelf."

The first products available will be for FTAM and X.400, representing the initial fruits of a 10-year programme of international and multi-vendor collaboration.

To follow in 1989 will be ini-tial products supporting the OSI Virtual Terminal stan-dards, which will be completed before the end of this year, he



Computer Measurement Group tium of computer vendors dediannual conference earlier this year "Evidently IBM does not intend to open its SNA environetary networking approach. One of the largest networks in the world a network of independent ment to OSI ... It is serious about themselves most serious about academic and research laborato-ries worldwide uses the VNet OSL Further light is thrown on the position of SNA now that IBM is protocols from IBM. VNet is a

rudimentary networking archideveloping two parallel but sepatecture and set of products which
developing two parallel but sepatecture and set of products which allow mainframes running the rate applications environments IBM VM operating system to Systems application architec-

methods of handling the unfore-seen crashing of computers, ter-minals or communication line. VNet has far lower security ture is the SNA of applications the network. It is therefore well ating system, AIX, provides suited to the academic and technical world where security is less the same hardware.

IBM is rich enough to run two major strategies for applications environments side by side. It is But for the larger commercial customers in the IBM camp those that buy mainframes in large numbers providing a third of own making.

IBM's worldwide turnover and a half of its profits of its products, SNA is the way IBM continues to point to. Future IBM networking users will find they need IBM products will incorporate SNA proprietary standards within features. They will also provide their operations and OSI for

features. They will also provide their operations and OSI for links to the outside non-SNA external links. The public game world via OSI conforming links. has IBM in it, with all of its Stellios Zographos, the man-resources. It is called 'having ager of communications consultance and eating it.'

PERA LEADERS AT BALTIMORE NETWORKING EVENT



□ THREE of the leading figures of PERA (the more this week: from left to right - Mr Ron Production Engineering and Research Association of Great Britain, based at Melton Mowbray, United Street Street, and Melton Mowbray, Laicesterablice), who are at the European Paviltion; and Mr Reigh Purdue, technical manager. ion of the Enterprise Networking Event in Balti- Comcentre.



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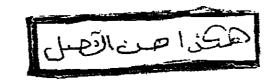
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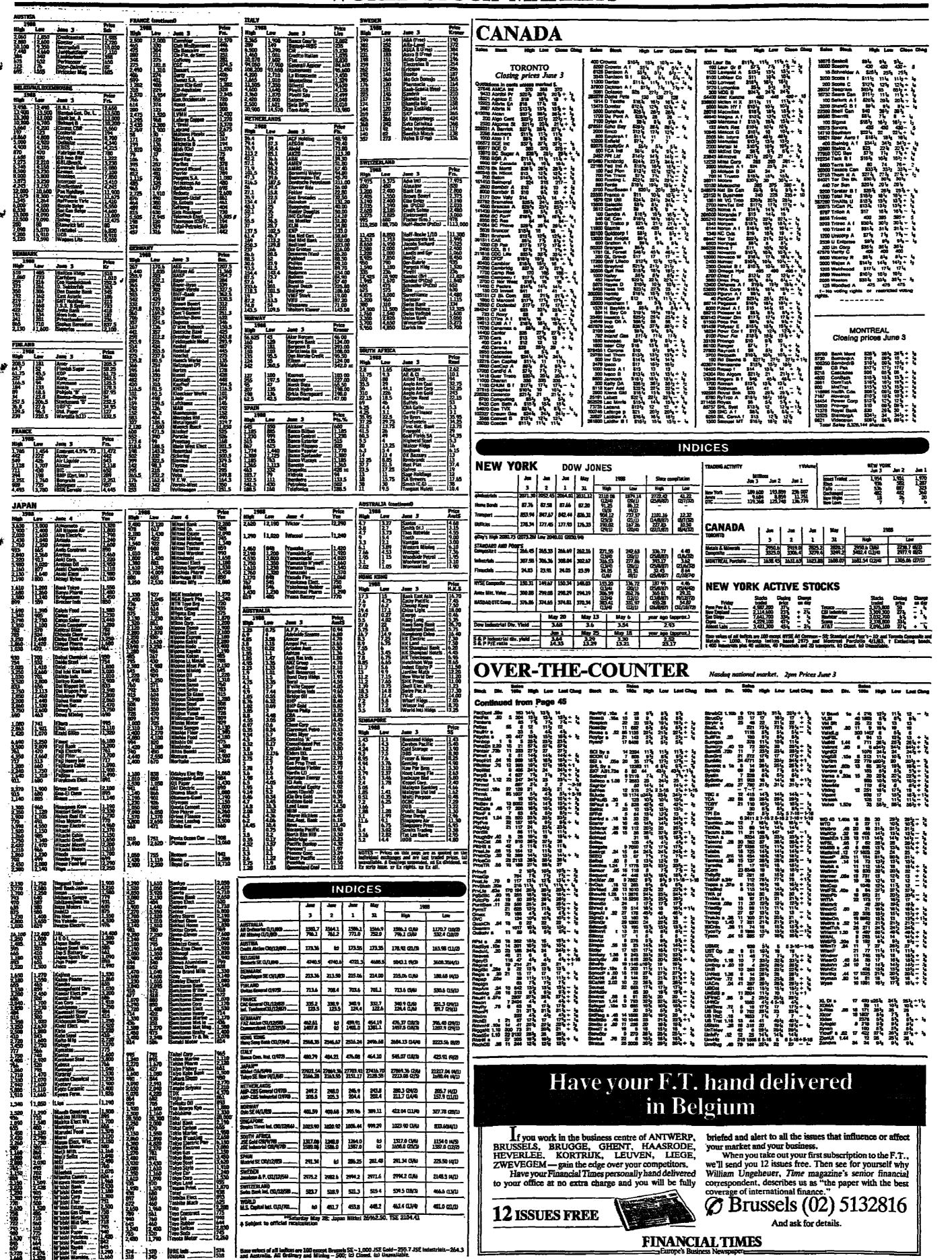
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STOCK MARKETS



Closing Prices June 3

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Financial Times Monday June 6 1988

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FINANCIAL TIMES

AMEX COMPOSITE PRICES

LONDON RECENT ISSUES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound adjusts to a stronger dollar and D-Mark

THERE WAS a certain temptation to say I told you so among some of the pundits in the City

spelt out these words reading down the first letter of each line on one of their Reuter Monitor

This subtle form of self congratulation was not lost on every-one in the market, although according to BZW the general change of sentiment, out of sterling and into the dollar, was not noticed until it was too late by most traders.

Perhaps the reason it was

sed was that the market was too blinkered in watching ster-ling's value against the D-Mark,

£ IN NEW YORK

Previous Clase Close 1.8035-1.8025 0.08-0.01.6s 0.36-0.07.6s 1.93-0.88pm

STERLING INDEX

76.5 76.5 76.3 76.2 76.2 76.2 76.2 **CURRENCY RATES** 0.668927 1.20289 1.47883 14.5814 43.3790 7.89694 2.07413 2.32891 7.01583 1542.10 151.347 7.36118 137.069 7.24257 1.72794 165.866 0.775795

CURRENCY MOVEMENTS

-15.6 -12.8 -18

OTHER CURRENCIES

7.3755 - 7.3975
286.20 - 280.50
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125.20
1317.19 - 1329.0
0.49520 - 0.49570
64.65 - 64.75
4.6450 - 4.6545
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2.5776 - 2.5755
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51.355 - 5.3495
5.2470 - 5.3690
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6.5990 - 6.6050 4.1040 - 4.1060 136.55 - 138.25 7.8135 - 7.8155 66.65 729.90 - 736.50 0.27560 - 0.27570 2.5255 - 2.584 2.525 - 2.584 2.525 - 2.584 2.525 - 2.584 2.525 - 2.584 2.525 - 2.584 2.525 - 2.584 2.525 - 2.584 2.525 - 2.584 2.525 - 2.580 2.525 - 2.580 2.525 - 2.580 2.525 - 2.580 2.525 - 2.580 2.525 - 2.580 2.525 - 2.580 2.525 - 2.580 2.525 - 2.580 2.525 - 2.580 2.525 - 2.580

FORWARD RATES AGAINST STERLING

Spot at 3 6 12 17950 1 7942 1 7967 1 7867 5 17743 3 1000 3 30882 3 0610 3 0206 2 2943 10 470 10 469 10 467 10 463 10 457 25925 25710 25548 25051 2501 25025 226.00 225.22 223.44 220.79 215.23

MONEY MARKETS

to an end. A strong test of whether the dollar has really turned the cor-ner may come on June 14, with publication of the US trade fig-

ures for April.

These are widely expected to

show a deterioration from the \$9.75bn deficit in March. Strong was very volatile last week, moving through a 10 pfernig range, from DM3.1950 in Frankfurt on Monday - when London was closed for the bank holiday - to DM3.0950 on Thursday, shortly before the Bank of England circulad a vice in bank England signalled a rise in bank base rates.

ase rates.

Savings are higher than the budBut according to one school of get deficit for the first time in

Belgian Franc Danish Krone German D-Mark French Franc

EMS EUROPEAN CURRENCY UNIT RATES

43.3790 7.89694 2.07413 7.01563 2.32891 0.775755 1542.10

POUND SPOT- FORWARD AGAINST THE POUND

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Long term Eurodotlers, two years 84-84; per cost; three years 94-84; per cost; four years 94-9 per cost; five years 94-94; per cost, numbers, Short term rates are call for US Dollars and Jasoness Yea; others, two clock and co

10.47 5.833

3.377 46.33

10. 4.053

3.009 4.542

2583 1439

0.833 11.43

0.742 1.121

EURO-CURRENCY INTEREST RATES

65-65 714-714 85-814 314-314 314-314 10-8 6-55-614

EXCHANGE CROSS RATES

0.분) 4.분)

0.452 1.546

PER

DM

3100 1727

13.72

2.961 1.200

0.891 1.345

1.402 4.791

0.516 0.779

225.0 125.9

215.9 87.50

and failed to see that the dollar's thought, which includes BZW, steady downward slide had come the pound's reversal was largely the pound's reversal was largely the result of the return to favour of the dollar.

BZW has focused its attention on the level of US savings, and its effect on funding the very large budget deficit.

According to BZW, savings as a ratio to income in the third quarter of 1987 was at a post war record low of 2.8 p.c., making the US heavily dependent on foreign investment to fund the deficit.

In the last quarter of 1987 the the savings ratio rose sharply to 4.8 p.c., and in the first quarter of this year was steady at 4.7 p.c.
This means that personal

+1 01 -0.59 -0.40 +0.45 -0.20 +3.28

A change in favour of the dol-lar was also suggested by Mr Neil upward trend is temporary.

MacKinnon, an economist at Nomura Research Institute, who points out that the dollar is believes the US trade and budget the week. Mr MacKinnon suggests that 75.4 is likely to be the next level where the Bank of England will consider another rise in base rates.

Jul 241 391 581 7.92 10.24 12.64 15.09

349 247 1.74 1.15 1.0.78 3.0.53 9.0.38 Puts N/A Puts N/A

0 04

Estimated volume total, Calls 1132 Pms 1401 Previous day's open lmt. Calls 15353 Pms 21774

LONDON (LIFFE)

Estimated Volume 16676/30004 Previous day's open Int. 33699/3

mated Volume 13133(7055) Yous day's open (st. 5524(5566)

CURRENCY FUTURES

LIFFE-STERLING 525,000 \$ per £

Led Volume 66(34) is day's open int. 99(1,00)

believe the authorities will go for

agrees that the authorities will

welcome the chance to raise interest rates, and that the next

1-mile 3-mile 6-mile 12-mile 1.7942 1.7907 1.7845 1.7743

THREE MONTH STERLING £500,000 points of 100%

23 %

9% 9½ 84-8% 911-9½ 4%-4% 34-34 84-8 11%-10% 614-8 614-8

911-914 84-84

64.70 36.04

20.87 286.3

18.59 28.07

Spot 1.7950

껝

9.723 9.783

2 112 0.856

0.635 0.959

3.417

above its 200-day moving average Any further tightening of the on charts for the first time since Federal Reserve's monetary politic beginning of last year. The

Federal Reserve's inductive, reducing the reliance on foreign investors to fund the budget deficit, and removing a major reason for a bear market in the dollar.

A change in favour of the dolar has not turned the corner, and that the present unward trend is temporary.

50-day moving average of the reliance moving up.

Warburg Securities tends to subscribe to another school of the US currency are likely to have increasing importance.

Sterling's index closed at 76.2 on Friday, a fall of 2.0 points on the week. Mr MacKinnon suggests that 75.4 is likely to be the next level where the Bank of

Strike Prote 1.65 1.70 1.85 1.85 1.90 1.95

PE SEL 30 SEL 30 SER 30

Estimated volume total, Calls 123 Puts 450 Previous day's open int. Calls 451 Puts 454

LIFFE EUROCOLLAR OFFICAS Sim points of 100%

CHICAGO

deficits will pull the dollar lower

EQUITIES

later this year.

The future of the dollar has obvious implications for sterling in the next few months. Mr Mackinnon said he believes the Bank of England has turned its attention away from the D-Mark, and back to the pound's

exchange rate index.

The dollar has a heavy waiting

130 055 030 0.95 5.30 7.50 12.50

27/5 FIXED INTEREST STOCKS Closing Price

130% 130% 130% 131% 97% 97% 97% 97% 97% 1049 1315 1099

"RIGHTS" OFFERS Cleating Price 3 Renunc Date 14mm 27mm 50pm 750pm 23 17pm 27pm 30pm 750pm 24 15pm 15pm

182 172 202 140 52 139 196 145 2 1504445445 151445545 15151 13 305 80 204 200 267 35 30 18 3.80 1.80 0.90 0.30 5.70 4.20 6.50 1.50 65 FI 210 FI 215 FI 190 FI 195 FI 190 FI 200 84 52 76 208 4.20 1.90 2.40 15 10 74

BASE LENDING RATES

67-00 86-11 85-13 83-30 83-30 82-20 81-15 80-30

83-01

83-12

ABN Bank
Adam & Company
AAB - Allied Arah Bk ...
Allied Irish Bank
Henry Anstacher
AMZ Banking Group
Associates Cap Comp Rat Bk. of Kowait. Nat.Westminster Horthern Bank Ltd ... Co-operative Bank Cyprus Popular Bk Dambar Bank PLC 双环烷 蛤瓜吃 Provincial Bank P.C.

R. Raphael & Sous.

Roschungle 6 raette:

Royal Bk of Scotland

Royal Trust Bank

Smith & Willense Secs.

Standard Chartered

TCR. Durcae Lawrie Equatorial Bank plc ... Exeter Trust Ltd Financial & Geo. Sec...... First Hational Bank Ptc.... © Robert Fleming & Co..... Robert Fraser & Ptars..... UDT Mortgage Exp.... United Bk of Kawait ... United Mizzahi Bank ... Unity Trass Bank Pkc... NFC Bank PLC Berckmark Bank PLC Bertiner Bank AG Brit Bk of Mid East Hill Sarquel
 Hill Sarquel
 C. Hoare & Co.
 Hoagtong & Staugh
 Lloyds Bank
 Meghraj Bank Ltd
 Midland Bank Members of British Merchant Banting & Securities Houses Association. 9 7 day deposits 3,00% Saventer 5,66%. Top Tier-£10,000 + instant access 7.50% & Mortgage base rate. § Demand deposit 3.00%. Mortgage 9.125% - 9.5%

ASM C
ABN P
AEGON C
AEGON P
AHOLD C
AKZD C
AKZD C
AMZD C
AMEV C
A 1843年1938年8年113 220287037992202045572655295214774581108457048 7.50 7.20 E 35 111 5.50 -5.30 3.70 2 177 13 10 15 15 67 23 11 22 3 3.49 B 3.20 9.4 216 TOTAL VOLUME IN CONTRACTS : 34,152

A=Ask B = 814 C = Call

. ...

 $r_{ij_{\overline{i}}}$

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Base rates look set to move up again Mr Richardson said he does not

STERLING'S DECLINE last week last week traders unwound long brought about a welcome oppor-tunity for the Bank of England to positions in the D-Mark, leading Inter signal a rise in UK bank base

There appears to have been a fundamental change in senti-ment, brought about by a recov-ery in the dollar and the D-Mark, which has left the pound looking

to a realignment of the two cur-

UK clearing beak base leading rate 8 per cont

vulnerable to a move of specula-tive money out of London.

Mr Nigel Richardson, at War-burg Securities, said that during eign exchange intervention and

FT LONDON INTERBANK FIXING

ng rates are the artifemetic means rounded to the meanest one-statement, of the hel and offered rates for \$100m quotes variest to five respectes banks at 11.00 a m, each working day. The bunks are Masilonal Westurdister Bank, Bank o Degasche Bank, Banque Mallonal de Parts and Morgan Gearanty Treat.

BANK OF ENGLAND TREASURY BILL TENDER

WEEKLY CHANGE IN WORLD INTEREST RATES

TORDON	3	change	NEW YORK	June 3	change
Base rates	8 77 71 71 8.1257	+27	Orimo zotas	9	Unch'd
7 day interbank	73	Unch'd	Federal Funds	711 6.68 7.12 7.625	Unch'd
3-mouth balertenin	E	+0.9761	SMITE TREATY BILL	6.68	-0.01 -0.08
Treasury Buil Tender	0.1207	+2	6 Mith. Treasury Bills	4:14	-0.100
Bass 1 Bits	73	1 17		4.023	4.000
Band 3 BK/s	4474	1 -	FRANKFURT		
Grant & Rills		i -	Corporate Interpretation	4.50	Bach'd
3 Meh Tressury Bill	8%	+14	Three month	4.50 3.360 3.575	-0.05 -0.05
1 Mitta, Bank Blifs	71	+14 +14 +14		23/3	1 -445
3 Mts. Bank Bills	714	1 +14	PARIS		i
TDKYO		•	intervention finte	700	1.25
One month Bills	3 90625	-0.0625	One mith. Interbank	72	-1 ₉
Three month BUS	3 90625 3.96875	•	Three month	7%	
BRUSSELS		ı	MILAN 3		ı
Out mosts	61	li becird	Oce seconth	10%	4 - 2-
41E (1694)	61	Clack of	Three month	107 11	Secret
Three month	6.3		DUBLIK	_	
AMSTERDAM		1.	One march		1 .
One wanth	32	1.2		75	+5
	44	10	Three month	74	

interest rates to direct sterling's Intervention is not expected on. a rise of 1 p.c. at a time in rates

F.Fr. S.Fr. H.FL. Urs CS 8.Fr.

743.5 10199

2202 892.4

662.4 1000.

1043 3563

3.480 1.939

1.123 15 40

33점

1 1.510

1.574 5.379

a large scale, but may be used to and that another ½ p.c. is likely smooth the pound's decline, and to be the next move. He added insure there is no threat of ster- that the Bank of England has to ling going into free fall.

Interest rates are likely to move higher. Three-month ster
Mr MacKinnon, at Nomura. ling interbank discounted another rise of ½ p.c. in base rates at Friday's close, and at one

time during the day pointed towards an increase of 1 p.c.

upward adjustment is likely to be another 1/2 p.c. to 81/2 p.c. MONEY RATES NEW YORK Treasury Bills and Bonds
5.89 Three yea
6.14 Four yea
6.65 Five yea
7.05 Seen yea
7.52 10 year
8.04 30-year June 3 3.25-3.35 713-714 13-13 34-34 3.46875 93-1014 6.55 63-714 3.35-3.50 73-72 3.70-3.85 7%-74 4.50 7.00

LONDON MONEY RATES

97.94.75 98 98 94 93 7.65-7.60 619 619 619 619 8.25-8.20 66 64 64 64 Treasury Bills (sell): one-mouth 7(5) per cent; three mouths 81, per cent; Bank Bills (sell): one-mouth 81, per cent; three mouths 81, per cent; Treasury Bills; Awarage tender cate of discount 81,257 p.c. ECGO Final Ratt Starring Export. Personal, Ratter up day May 31, 1988, Awarage tender cate of discount 81,257, 1988, Schemis 19,37 p.c. ECGO Final Ratt Starring Export. Schemis 19, 81 19,99 p.c. Reference rate for period April 30,1988 to May 31, 1988, Schemis 19,37 p.c. Schemis 19,37 p.c. Schemis 19,37 p.c. Ratter service days notice, others seem day? fixed Finance Houses Base Ratz 815 % from June 1,1988 Bank Deposit, Rate; for samp at seven days notice; per cent; fixed Finance Houses Base Ratz 815 % from June 1,1988 Bank Deposit, Rate; for samp at seven days notice 2 per cent; fixed Finance Houses Base Ratz 815 % from June 1,1988 Bank Deposit, Rate; for samp at seven days notice 2 per cent; fixed Finance Houses Base Ratz 815 % from June 1,1988 Bank Deposit, Rate; for samp at seven days notice 2 per cent; fixed Finance Houses Base Ratz 815 % from June 1,1988 Bank Deposit, Rate; for samp at seven days notice 2 per cent; fixed Pinance Houses Base Ratz 815 % from June 1,1988 Bank Deposit, Rate; for samp at seven days notice 2 per cent; fixed Pinance Houses Base Ratz 815 % from June 1,1988 Bank Deposit, Rate; for samp at seven days notice 2 per cent; fixed Pinance Houses Base Ratz 815 % from June 1,1988 Bank Deposit, Rate; for samp at seven days notice 2 per cent; fixed Pinance Houses Base Ratz 815 % from June 1,1988 Bank Deposit Rate; for samp at seven days notice 2 per cent; fixed Pinance Houses Base Ratz 815 % from June 1,1988 Bank Deposit Rate; for samp at seven days notice 2 per cent; fixed Pinance Houses Base Ratz 815 % from June 1,1988 Bank Deposit Rate; for samp at seven days notice 2 per cent; fixed Pinance Houses Base Ratz 815 % from June 1,1988 Bank Deposit Rate; for samp at seven days notice 2 per cent; fixed Pinance Houses Base Ratz 815 % from Annual Rate Pinance Rates Rate Rate Rate Rate Rate Rate Ra FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd.. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS FRIDAY JUNE 3 1988 THURSDAY JUNE 2 1988 DOLLAR INDEX Gross Div. Yield Day's Change % Dollar Index Currency Index 144.10 87.88 121.67 121.56 128.28 134.55 95.05 77.02 102.60 132.88 70.53 170.05 119.02 72.59 100.49 100.40 105.96 111.13 78.51 63.61 84.74 109.75 58.25 140.45 115.93 132.76 86.85 67.72 100.88 91.13 130.74 102.12 65.77 111.94 89.63 118.70 78.70 108.77 108.36 114.592 86.96 69.15 102.94 120.68 129.66 93.04 401.05 93.04 401.05 93.04 109.10 86.92 136.59 110.27 71.01 111.94 141.88 87.80 120.92 120.82 128.13 132.92 95.09 76.64 101.74 133.50 157.71 104.27 81.63 120.62 115.96 115.58 123.97 78.87 135.58 123.97 78.87 135.58 Australia (88) 116.86 72.31 99.60 99.52 105.53 109.48 78.32 63.13 83.80 1102.17 1129.90 85.88 67.23 99.35 95.51 107.48 128.15 102.11 64.96 111.64.96 111.64.96 111.64.96 117.67 78.77 108.40 107.87 114.86 114.96 87.03 68.71 102.07 121.87 68.14 139.22 139.45 92.16 62.51 103.43 108.02 134.72 110.89 70.24 111.89 70.24 111.89 110.80 110 145.74
98.18
139.89
125.49
129.52
134.55
95.67
80.79
105.83
135.14
177.27
105.83
137.17
176.90
132.23
117.15
139.07
158.30
125.50
86.75
141.25 91.16 84.35 99.14 107.06 111.42 106.78 84.90 104.60 62.99 133.61 107.83 90.07 95.23 64.42 98.55 98.55 91.81 130.73 96.92 75.60 123.09 99.19 Australa (66). Beigium (63). Canada (125) Denmark (39). Finland (25). 126.42 117,93 France (128) 108.87 90.76 121.15 128.69 99.18 154.34 172.21 205.24 115.80 139.17 144.48 139.17 144.59 93.42 146.49 146.26 Singapore (26).... South Africa (60) Europe (1013)
Pacific Basin (673)
Euro-Pacific (1686)
North America (704)
Europe Ex. UK (686)
Pacific Ex. Japan (217)
World Ex. US (1885) 89.08 137.42 118.09 90.20 74.89 100.97 117.43 106.18 106.65 90.48 107.86 166.38 142.98 109.21 90.67 122.24 142.18 128.55 107.54 165.27 142.19 108.73 90.32 120.75 141.35 127.83 128.46 109.05 93.50 133.28 117.45 108.53 88.58 136.13 117.12 89.56 74.40 99.46 116.43 105.29 105.81 89.82 93.11 133.02 117.14 108.06 81.66 106.76 116.62 113.88 113.84 102.68 +0.3 +0.7 +0.6 +0.4 +0.4 +1.2 +0.6 +0.5 +0.5 3.79 0.72 1.66 3.57 3.30 3.97 1.73 2.12 2.31 3.68 110.71 172.26 147.53 111.28 92.81 122.24 146.49 130.28 130.96 110.99 97.01 130.81 120.36 99.78 80.27 87.51 120.26 111.77 113.26 100.00 81.97 107.59 116.97 114.25 114.21 103.16 World Ex. UK (2137).... World Ex. So. Af. (2404) World Ex. Japan (2008) 2.33 128.47 The World Index (2464). 129.16 +0.5 106.68 114.02 105.82 113.64 | 130.92 | 113.37 | 131.46

Base values: Dec 31, 1986 - 100; Finiand: Dec 31, 1987 - 115.037 (US \$ tadex), 90.791 (Pound Sterling) and 94.94 (Local), Copyright, The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd.1987

